Registration Number
KOTRA자료 21-146

OPEN 공공누리
출처표시 상업용금지 변경금지
공공저작물 자유이용허락

2020 K-V Economic Cooperation Project

Promoting Viet Nam's exports of key agro products to Korea

기획재정부
Ministry of Economy and Finance

kotra
Korea Trade-Investment Promotion Agency

Established 1965
SHINHAN
SHINHAN Customs Service Inc.

NEWMA 농식품신유통연구원
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Executive Summary

Since The Korea-Vietnam Free Trade Agreement came into effect in December 2015, the import amount of Vietnamese agricultural products to Korea increased by approximately 32%. Especially, Vietnam's major export fruits, bananas and mangoes, rose by 3,735% and 382% respectively in 2019. Still, each fruit's market share represents only 1.4% and 4.1% in the Korean market.

This research analyzes Vietnamese agricultural products' current status and issues in the Korean market and distribution processes. Besides, it aims to provide implications for the government and companies in terms of production·storage, transportation·customs clearance, and distribution·sales to promote Vietnamese fruits in the Korean market.

This research focuses on banana and mango (fresh), pineapple, dragon fruit (red and white), coconut, and frozen mango, the major export fruits in Vietnam. The following research methodology is applied for the research and analysis on all stages of distribution from local production to Korean consumers:

1. Analysis of the Production·Export Status of Vietnamese Major Agricultural Products and the Trend in the Korean Distribution Market
2. Survey on Vietnamese Agricultural Product Producers and Exporters
3. Survey on the Status of Korean Importers, Wholesalers, and Retailers (large retailers, convenience stores, online shopping malls, etc.)
4. Survey on Korean Consumers' Consumption Behavior of Imported Fruits and Perception of Vietnamese Fruits
5. Case Study on Korea's Best Practices of Agricultural Product Export and Comparison of Export Support Projects between Korea and Vietnam

The research results are discussed in the order of the research method stated above. In order to promote Vietnamese agricultural products to enter the Korean market, this research suggests improvement measures for each major export fruit as well as distribution stages such as production·storage, transportation·customs clearance, and distribution·sales.

1. Production·storage: Fostering farmers' organizations, diversifying and developing varieties suitable for the target market, establishing fruit specification standards, and preparing government-led cold chain support policies

2. Transportation·customs clearance: Establishing Electronic Data Exchange System for quarantine, introducing export logistics support system for agricultural products, and developing FTA certification of origin support project for agricultural products
3. Distribution·sales: Establishing marketing strategies based on the survey results of Korean market stakeholders and consumers, creating associations for export-promising agricultural products, introducing agricultural product business matching platform, and providing information on potential markets and new markets

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Chapter 1 Introduction

Section 1. Research Background and Purpose

1. Research Background

○ The export volume of Vietnamese agricultural products to the Korean market is gradually increasing thanks to the preferential tariff benefits of the Korea-Vietnam FTA and the expansion of various consumption demands among Korean consumers.

- After the Korea-Vietnam FTA entered into force in December 2015, the amount of imports of agricultural and livestock products from Vietnam in 2019 increased by approximately 32% compared to 2015.

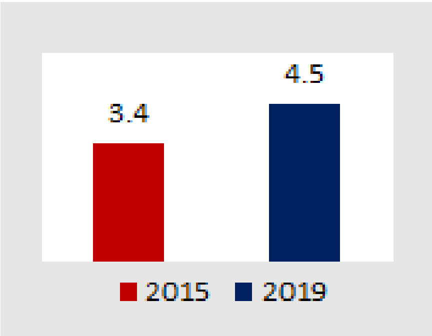
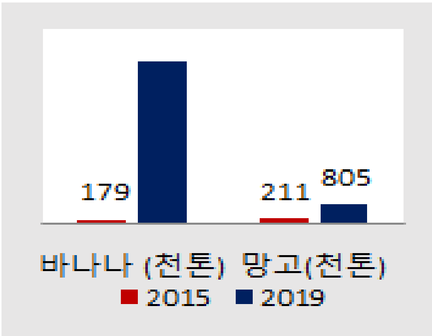
Imports of Agricultural & Livestock Products	Imports of Major Fruits
	
Unit: USD 100 mil Note: The figures represent the aggregate amount of AG Code 1 and 2 AG Source : Korea Trade Statistics Promotion Institute	Unit: 1,000 t Note: Incl. Fresh/Dried only Source: Korea Trade Statistics Promotion Institute

Fig. 1. The Volume of Agricultural Imports of Vietnam since the Effect of FTA

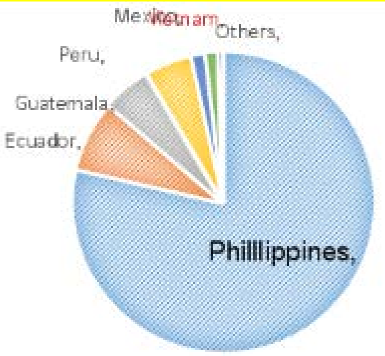
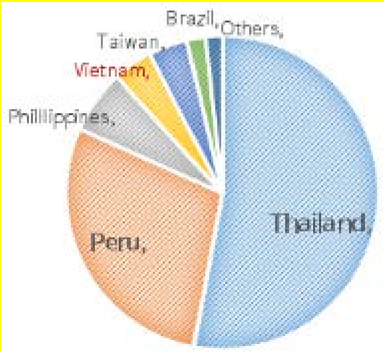
○ However, the market share of Vietnamese agricultural products is still at a low level in Korea. Compared to 2015, the imports of bananas and mangoes (fresh and dried), Vietnam's main export fruits, rose by 3,735% and 382%, respectively in 2019, but each market share in Korea only accounts for 1.4% and 4.1%.

Table 1. Major Imports of Vietnamese Fruit Products in 2019

(Unit: USD 1,000)

Ranking	Fruit	Amount	Ranking	Fruit	Amount
1	Banana	4,153	6	Pineapple(otherwise prepared or preserved)	378
2	Mango	2,774	7	Citrus	294
3	Grapefruit Juice	2,513	8	Lime juice(of a Brix value not exceeding 20)	141
4	Citrus Juice(of a Brix value not exceeding 20)	2,450	9	Pineapple Juice (Other)	128
5	Pineapple Juice(of a Brix value not exceeding 20)	658	10	Grape Juice (Other)	74

Note: Other Product Groups are excluded
Source: Korea Trade Statistics Promotion Institute

Banana	Mango
	

Source : Korea Trade Statistics Promotion Institute

Fig. 2. Country of Origin of Banana and Mango Based on the Total Imports in 2019

○ From diverse perspectives, this research aims to analyze issues in the process of entering the Korean market of Vietnamese agricultural products and suggest improvement measures accordingly.
- This includes a survey on local producers and exporters in Vietnam; a survey on Korean importers and distributors; and a survey on Korean consumers' perception of Vietnamese products. This research ultimately aims to provide improvement measures from production to Korean consumers through this practical approach.
- Besides, it analyzes Vietnam's agricultural export environment and draws policy measures for improvement.

2. Research Purpose and Expected Outcome

a. Research Purpose

a) To identify limitations in the entry of Vietnamese agricultural products in the Korean market and to draw improvement measures

○ Identify difficulties in quality control, supply capacity, price strategy using FTA, government export support system, Sanitary and Phytosanitary Measures (SPS), and limitations in import, distribution, and sales in Korea and provides insight for improvement.

b) To derive the positioning of Vietnamese agricultural products in the Korean market

○ Based on a survey of Korean consumers' perceptions of Vietnamese agricultural products, derive an appropriate positioning strategy for Vietnamese agricultural products in the Korean market.

b. Expected Outcome

○ Increase in agricultural product trades between Korea and Vietnam

○ Diversified imported fruits from Vietnam and agricultural product import market in Korea

○ Contribution to the creation of business value in the agricultural sector of both countries through simultaneous participation in the Global Value Chain (GVC)

Section 2. Research Methodology

1. Research Direction

a. Identify difficulties and derive improvement measures based on the survey result of Vietnamese production·exporters·distributors and Korean importers· distributors and consumers

b. Identify issues in production, transportation·customs clearance, quality and price, distribution and marketing

c. Provide policy implications for government authorities by comparing and analyzing the legal and institutional environment of Korea and Vietnam

d. Host local seminars targeting the government and private sector to actively utilize research outcomes

2. Research Methodology and Process

a. Analysis on Production and Export Environment of Vietnamese Agricultural Products and Select Major Agricultural Products

☐ **Analysis on Production and Export Environment of Vietnamese Agricultural Products and the Import Environment in Korea**

○ Statistically analyze production and export and structure of export·distribution in Vietnam

○ Statistical analyze imported agricultural products, distribution channels and consumption patterns of agricultural products in Korea

☐ **Selection of Vietnamese Major Export Agricultural Products**

○ Select fresh or processed fruits that meet Korean import quarantine requirements among the major export agricultural products
- The major export agricultural products were selected after the consultation with the Ministry of Industry and Trade (MOIT) Vietnam and Korean researchers at the conference on July 13. 2020.

Table 2. Major Fruits Selected for Research

Type	Fruit
Fresh	Banana
	Mango
	Pineapple
	Dragon fruit (white, red)
	Coconut
Frozen	Mango

Source : Prepared by the research team

b. Survey on the Major Agricultural Products Producers and Exporters in Vietnam

☐ **Selection of the Producers and Exporters**

◯ Fresh Fruits: Companies capable of exporting to Korea with packaging ·sorting facilities

◯ Frozen Fruits: Companies that produce and export agricultural products and satisfy Korea's food quarantine requirements

☐ **Method of Survey**

◯ Survey on production, sorting, packaging, export, and logistics facilities in Vietnam

◯ With the Focus Group Interview (FGI) and surveys , identifies difficulties and measures in the areas of 1) production, transportation·local customs clearance, 2) quality and price, 3) distribution and sales.

c. Survey on Stakeholders by Distribution Channel in Korea

☐ **Selection of Stakeholders by Distribution Channel**

◯ Selects 30 companies among importers, wholesale markets, large retailers, department stores, online sales companies, and convenience stores that handle the major agricultural products.

◯ Identifies requirements for each distribution channel and obstacles to importing Vietnamese agricultural products.

○ Conducts Focus Group Interview (FGI) and surveys to identify the competitiveness and difficulties of Vietnamese agricultural products. The focuses are 1) distribution channels of agricultural products imported from Vietnam, 2) considerations and difficulties in import, storage, distribution, and sales, 3) absolute evaluations of Vietnamese agricultural products in terms of taste, freshness, standardization, storage, and food safety and relative evaluation with other national agricultural products.

□ **Survey on Impression of Vietnamese Agricultural Products to Korean Consumers**

○ For the purpose of establishing a marketing strategy for Vietnamese agricultural products, 300 consumers participate in an online survey focusing on 1) Considerations when purchasing agricultural products 2) Awareness of Vietnamese agricultural products 3) Preference by country of origin, 4) consumers' impression of Vietnamese fruits.

○ Suggest optimal positioning and marketing strategies for the entry of Vietnamese agricultural products.

d. Comparison of Agricultural Products Export Support Projects between Korea and Vietnam

○ Analyze Korea's best practices of agricultural product export and its implications

○ Analyze export support system for agricultural products in Korea

○ Compare the agricultural product export support system of both countries

e. Suggestions and Sharing of Improvement Measures for the Promotion of Vietnamese Agricultural Products in the Korean market

□ **Implications for Entry Strategy of Vietnamese Agricultural Products in Korea**

○ Identify measures in terms of production, transportation·customs clearance, quality and price, distribution and sales

○ Identify improvement measures for policy system in both governments and private sectors

□ **Hosting local seminars to actively utilize research outcome**

○ Host seminars for local producers·exporters, and government authorities

○ Deliver the Korean distribution market requirements to the Vietnamese government and private sectors

○ Present strategic models with the analysis of deterrent factors and measures for the entry promotion in Korea

Chapter 2

Analysis of the Production·Export Status of Vietnamese Major Agricultural Products and the Trend in the Korean Distribution Market

Chapter 2 Analysis of the Production·Export Status of Vietnamese Major Agricultural Products and the Trend in the Korean Distribution Market

Section 1. Status and Trend Analysis of Vietnam's Major Agricultural Product Exports

1. Agriculture in Vietnam

○ The geographical coordinates of Vietnam are between 8°10'~23°24' north latitude and 102°09'~109°30' east longitude, forming an elongated territory from north to south. About 75% of the country consists of mountains and plateaus. The topography is high in the north and low in the south.[1)]

○ Due to Vietnam's geographical and topographic characteristics, the climate in the south is tropical monsoon with two seasons, e.g., rainy and dry. In contrast, the climate in the north is subtropical, so the distinction between the two seasons is not clear.

Table 3. Total Sunshine Duration, Total Rain Fall, Mean Air Temperature and Mean Humidity by Station in 2019

Station	Total Sunshine Duration(hour)	Total Rainfall (mm)	Mean Air Temperature(°C)	Mean Humidity (%)
Lai Châu	2,190.4	2542.5	20.9	82.1
Sơn La	2,390.0	1015.3	22.7	77.0
Tuyên Quang	1,577.8	1455.6	25.0	81.9
Hà Nội (Láng)	1,325.0	1311.4	25.9	75.3
Bãi Cháy	1,366.3	1498.7	24.8	82.8
Nam Định	1,537.2	1265.0	25.3	82.7
Vinh	1,844.6	3195.2	26.2	81.3
Huế	2,190.0	1984.6	26.4	84.9

1) Overview of Agriculture in Vietnam (World Agriculture 163, 11p)

Station	Total Sunshine Duration(hour)	Total Rainfall (mm)	Mean Air Temperature(℃)	Mean Humidity (%)
Đà Nẵng	2,318.4	2150.4	27.3	78.1
Quy Nhơn	2,767.2	1951.6	28.1	76.4
Pleiku	2,525.8	2062.0	22.9	81.1
Đà Lạt	2,314.0	1680.5	18.5	82.8
Nha Trang	2,731.4	980.9	27.9	76.1
Vũng Tàu	2,814.0	1067.9	28.2	76.8
Cà Mau	2,063.9	2262.9	28.1	80.8

Source: Statistical Yearbook of Vietnam 2019. (General Statistics Office of Vietnam)

○ 82.4% of the total land is agricultural land. Among the agricultural land, 42.1% (34.7% of the total land) accounts for agricultural production land.

○ As of 2019, Vietnam's population is about 96.48 million, of which 65% lives in rural areas and the rest lives in urban areas. 34.5% of the economically active population aged 15 and over are engaged in the agriculture, forestry and livestock industry[2].

○ Vietnam's major export crops are rice, cashew nuts, rubber, beans, tea, pepper, etc. Fruits include banana, mango, and dragon fruit.

Table 4. Planted Area of Crops by Crop Group between 2010 and 2019

(Unit: 1,000 ha)

Year	Total	Annual Crops			Perennial Crops		
		Total	Cereals	Annual Industrial Crops	Total	Perennial Industrial Crops	Fruit Crops
2010	14,061	11,214	8,616	798	2,847	2,011	780
2011	14,364	11,421	8,778	788	2,943	2,080	773
2012	14,636	11,538	8,919	730	3,098	2,223	766
2013	14,793	11,714	9,074	731	3,078	2,111	707
2014	14,809	11,665	8,996	710	3,144	2,134	799
2015	14,945	11,700	9,009	677	3,245	2,155	824
2016	15,112	11,799	8,891	633	3,314	2,346	869
2017	14,902	11,498	8,807	612	3,404	2,220	928

2) Statistical Yearbook of Vietnam 2019. (General Statistics Office of Vietnam)

Year	Total	Annual Crops			Perennial Crops		
		Total	Cereals	Annual Industrial Crops	Total	Perennial Industrial Crops	Fruit Crops
2018	14,769	11,272	8,606	566	3,497	2,213	993
2019	14,703	11,157	8,462	516	3,546	2,188	1,067

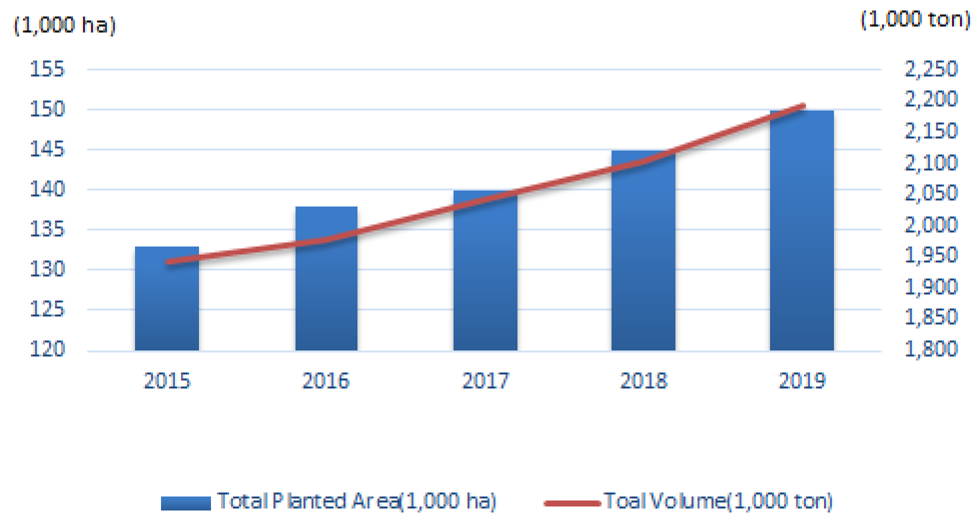
Source: Statistical Yearbook of Vietnam 2019. (General Statistics Office of Vietnam)

○ As Vietnam's fruit exports increase, the plated area of fruit crops has been steadily increasing since 2013.

2. Export status of Vietnamese Fruits Selected for Research

a. Banana

○ Banana is the most popular fruit in Vietnam. The average annual consumption of bananas per person in Vietnam is about 20kg.



Source: Ministry of Agriculture and Rural Development: Department of Cultivation

Fig. 3. The Total Planted Area and Volume of Bananas between 2015 and 2019

○ Bananas have the largest planted area among the Vietnamese fruits. From 2015 to 2019, the area increased by 2.4% per annum and output by 2.5%.

Table 5. Major Export Destinations of Bananas between 2015 and 2019 (incl. Fresh and Processed)

(Unit: USD 100 mil)

Country	2015	2016	2017	2018	2019
China	11.376(78%)	38.373(86%)	53.657(82%)	92.266(84%)	158.626(88%)
Malaysia	0.080(1%)	0.477(1%)	0.627(1%)	0.659(1%)	4.611(3%)
Korea	0.198(1%)	0.676(2%)	2.765(4%)	4.441(4%)	4.428(2%)
Russia	0.629(4%)	1.064(2%)	1.938(3%)	1.822(2%)	4.095(2%)
Japan	0.041(0%)	0.881(2%)	2.563(4%)	2.767(3%)	3.224(2%)
Singapore	0.029(0%)	0.126(0%)	0.052(0%)	0.315(0%)	1.070(1%)
Australia	0.706(5%)	0.917(2%)	1.016(2%)	1.156(1%)	1.054(1%)
The United States	0.338(2%)	0.176(0%)	0.355(1%)	0.212(0%)	0.823(0%)
Canada	0.111(1%)	0.057(0%)	0.054(0%)	0.077(0%)	0.168(0%)
Lithuania	0.071(0%)	0.064(0%)	0.061(0%)	0.033(0%)	0.138(0%)
Total	14.580	44.450	65.330	109.460	179.250

Note1: Parentheses stand for the percentage of the total export amount (rounded to the first decimal place)
Note2: Countries sorted in descending order by the total export amount
Source: General Department of Viet Nam Customs

○ The export volume of bananas increased from USD 14.580 million in 2015 to USD 179.250 million in 2019. This implies 12 times of growth over the past five years, with an annual average growth rate of 65.2%.

Table 6. Major Export Destinations of Bananas between 2015 and 2019 (incl. Fresh and Processed)

Ranking	2015	2016	2017	2018	2019
1	China	China	China	China	China
2	Australia	Russia	Korea	Korea	Malaysia
3	Russia	Australia	Japan	Japan	Korea
4	The United States	Japan	Russia	Russia	Russia
5	Korea	Korea	Australia	Australia	Japan
6	Canada	Malaysia	Malaysia	Malaysia	Singapore
7	Malaysia	The United States	The United States	Singapore	Australia
8	Lithuania	Singapore	Lithuania	The United States	The United States

Ranking	2015	2016	2017	2018	2019
9	Japan	Lithuania	Canada	Canada	The United States
10	Singapore	Canada	Singapore	Lithuania	Lithuania

Note: Sorted by the total export amount
Source: General Department of Viet Nam Customs

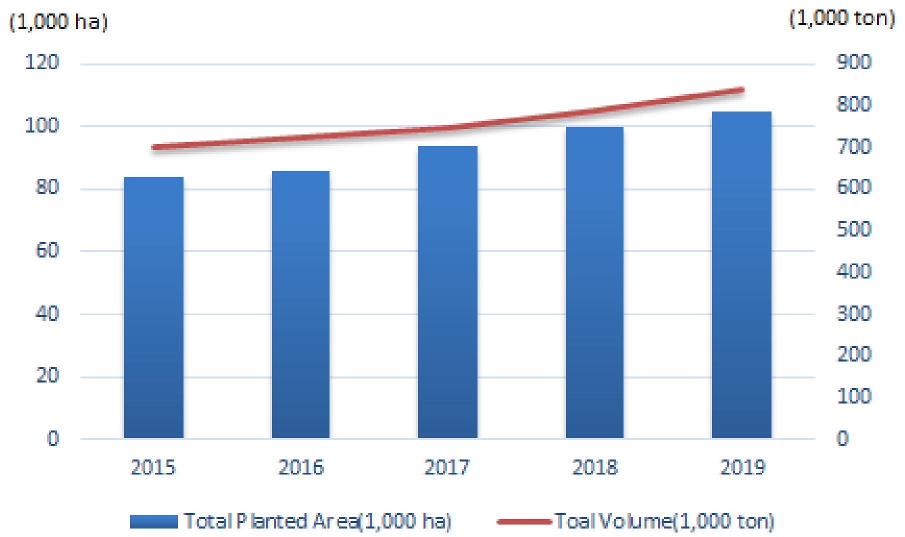
◯ Korea, which was Vietnam's fifth-largest banana export destination in 2015, became the third-largest export destination in 2019.

b. Mango

◯ Vietnam is the 13th largest mango growing country in the world.

◯ There are more than 40 types of mangoes, including Hoa Loc, Cat Chu, Hon, Xiem Num, Buoi, Cat Bo, Thanh Ca, Canh Nong, and Yen Chau varieties. Above all, the main export variety is Hoa Loc Mango, which is cultivated in the Mekong Delta and achieved Geographical Indication recognized by the government.

◯ Roughly 50% to 55% of mangoes grown in Vietnam are consumed in Vietnam. The average annual consumption of mango per capita amounts to 4.7kg-5kg.



Source: Ministry of Agriculture and Rural Development: Department of Cultivation

Fig. 4. The Total Planted Area and Volume of Mangoes between 2015 and 2019

○ From 2015 to 2019, the planted area for mango increased by 4.6% per annum and output by 3.6%.

Table 7. Major Export Destinations of Mangoes between 2015 and 2019 (incl. Fresh and Dried)

(Unit: USD 100 mil)

Country	2015	2016	2017	2018	2019
China	3.048(23%)	31.994(86%)	123.929(97%)	153.470(96%)	158.394(80%)
Russia	0.026(0%)	0.019(0%)	0.202(0%)	1.680(1%)	4.769(2%)
Korea	5.462(42%)	2.798(7%)	1.520(1%)	2.201(1%)	2.989(2%)
The United States	0.102(1%)	0.002(0%)	0.000(0%)	0.009(0%)	2.064(1%)
Australia	1.021(8%)	0.486(1%)	0.304(0%)	0.480(0%)	1.448(1%)
Netherlands	0.983(8%)	0.283(1%)	0.141(0%)	0.134(0%)	0.373(0%)
Canada	0.514(4%)	0.197(1%)	0.007(0%)	0.060(0%)	0.288(0%)
Hong Kong	0.529(4%)	0.298(1%)	0.128(0%)	0.032(0%)	0.223(0%)
Japan	0.377(3%)	0.585(2%)	0.091(0%)	0.044(0%)	0.106(0%)
Taiwan	0.270(2%)	0.258(1%)	0.164(0%)	0.174(0%)	0.061(0%)
Total	12.986	37.318	127.133	160.526	198.663

Note 1: Parentheses stand for the percentage of the total export amount (rounded to the first decimal place)
Note 2: Countries sorted in descending order by the total export amount
Source: General Department of Viet Nam Customs

○ The export volume of mangoes increased from USD 12.986 million in 2015 to USD 198.663 million in 2019. This implies 15 times growth over the past five years, with an annual average growth rate of 72.6%.

○ In particular, mango exports to China from USD 3.048 million in 2015 reached USD 158.394 million in 2019, reaching 52 times of growth.

○ However, during the same period, mango exports to Korea decreased by nearly half from USD 5.462 million in 2015 to USD 2.989 million.

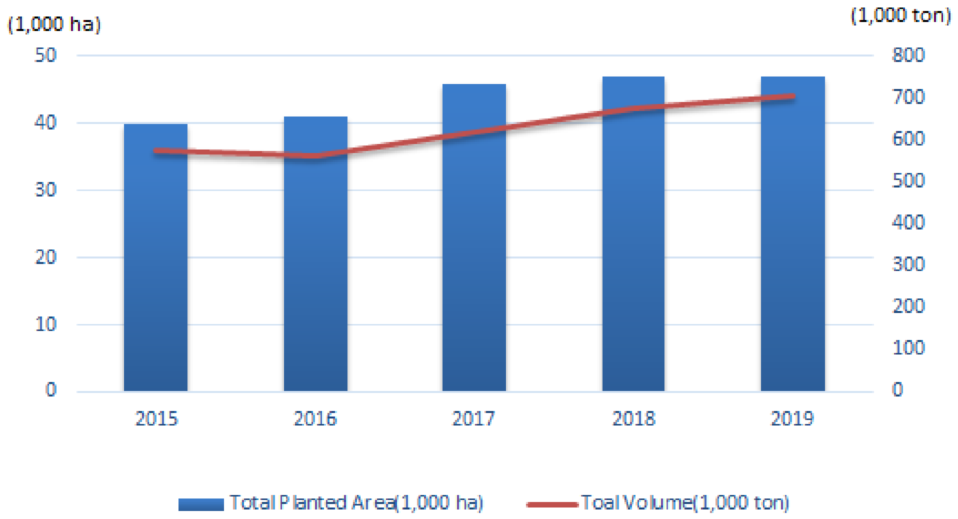
Table 8. Major Export Destinations of Mangoes between 2015 and 2019 (incl. Fresh and Dried)

Ranking	2015	2016	2017	2018	2019
1	Korea	China	China	China	China
2	China	Korea	Korea	Korea	Russia
3	Australia	Japan	Australia	Russia	Korea
4	Netherlands	Australia	Russia	Australia	The United States
5	Hong Kong	Hong Kong	Taiwan	Taiwan	Australia
6	Canada	Netherlands	Netherlands	Netherlands	Netherlands
7	Japan	Taiwan	Hong Kong	Canada	Canada
8	Taiwan	Canada	Japan	Japan	Hong Kong
9	The United States	Russia	Canada	Hong Kong	Japan
10	Russia	The United States	The United States	The United States	Taiwan

Note: Sorted by the total export amount
Source: General Department of Viet Nam Customs

c. Pineapple

○ Pineapples are mainly sold fresh in Vietnam. The average annual consumption of pineapple per capita amounts to roughly 6kg.



Source: Ministry of Agriculture and Rural Development: Department of Cultivation

Fig. 5. The Total Planted Area and Volume of Pineapples between 2015 and 2019

○ From 2015 to 2019, the planted area for pineapples increased by 3.3% per annum and output by 4.1%.

○ Although the planted area increased by 5.9% compared to 2016 in 2017, pineapple production's growth rate was slow due to the longer cultivation period than other tropical fruits that can be cultivated year-round.

Table 9. Major Export Destinations of Pineapples between 2015 and 2019 (incl. Fresh and Dried)

(Unit: USD 100 mil)

Country	2015	2016	2017	2018	2019
Russia	0.005(1%)	0.002(1%)	0.016(3%)	0.123(28%)	0.081(21%)
Hong Kong	0.003(1%)	0.007(3%)	0.005(1%)	0.009(2%)	0.057(15%)
Pineapple	0.001(0%)	0.000(0%)	0.000(0%)	0.015(3%)	0.051(13%)
Netherlands	0.000(0%)	0.000(0%)	0.100(22%)	0.001(0%)	0.032(8%)
Japan	0.298(71%)	0.004(2%)	0.009(2%)	0.002(0%)	0.030(8%)
Korea	0.024(6%)	0.011(5%)	0.021(4%)	0.024(5%)	0.028(7%)
Philippines	0.000(0%)	0.000(0%)	0.034(8%)	0.024(5%)	0.011(3%)
China	0.008(2%)	0.036(17%)	0.146(32%)	0.085(19%)	0.006(1%)
South Africa	0.000(0%)	0.000(0%)	0.000(0%)	0.023(5%)	0.005(1%)
Taiwan	0.012(3%)	0.019(9%)	0.034(7%)	0.015(3%)	0.000(0%)
Total	0.420	0.208	0.456	0.441	0.387

Note 1: Parentheses stand for the percentage of the total export amount (rounded to the first decimal place)
Note 2: Countries sorted in descending order by the total export amount
Source: General Department of Viet Nam Customs

○ The export scale of pineapple is the smallest among the fresh fruits in this research. Although the total plated area and production volume increased from 2015 to 2019, the export scale decreased from USD 0.42 million in 2015 to USD 0.387 million in 2019.

○ The scale of exports to Korea during the same period ranged from USD 0.021 million to USD 0.028 million, excluding 2016, which remained at the status quo.

Table 10. Major Export Destinations of Pineapples between 2015 and 2019 (incl. Fresh and Dried)

<table>
<tr><th>Ranking</th><th>2015</th><th>2016</th><th>2017</th><th>2018</th><th>2019</th></tr>
<tr><td>1</td><td>Japan</td><td>China</td><td>China</td><td>Russia</td><td>Russia</td></tr>
<tr><td>2</td><td>Korea</td><td>Taiwan</td><td>Netherlands</td><td>China</td><td>Hong Kong</td></tr>
<tr><td>3</td><td>Taiwan</td><td>Korea</td><td>Philippines</td><td>Philippines</td><td>UK</td></tr>
<tr><td>4</td><td>China</td><td>Hong Kong</td><td>Taiwan</td><td>Korea</td><td>Netherlands</td></tr>
<tr><td>5</td><td>Russia</td><td>Japan</td><td>Korea</td><td>South Africa</td><td>Japan</td></tr>
<tr><td>6</td><td>Hong Kong</td><td>Russia</td><td>Russia</td><td>Taiwan</td><td>Korea</td></tr>
<tr><td>7</td><td>UK</td><td>UK</td><td>Japan</td><td>UK</td><td>Philippines</td></tr>
<tr><td>8</td><td rowspan="3">Philippines·
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Netherlands</td><td rowspan="3">Philippines·
South Africa·
Netherlands</td><td>Hong Kong</td><td>Hong Kong</td><td>China</td></tr>
<tr><td>9</td><td rowspan="2">UK·
South Africa</td><td>Japan</td><td>South Africa</td></tr>
<tr><td>10</td><td>Netherlands</td><td>Taiwan</td></tr>
</table>

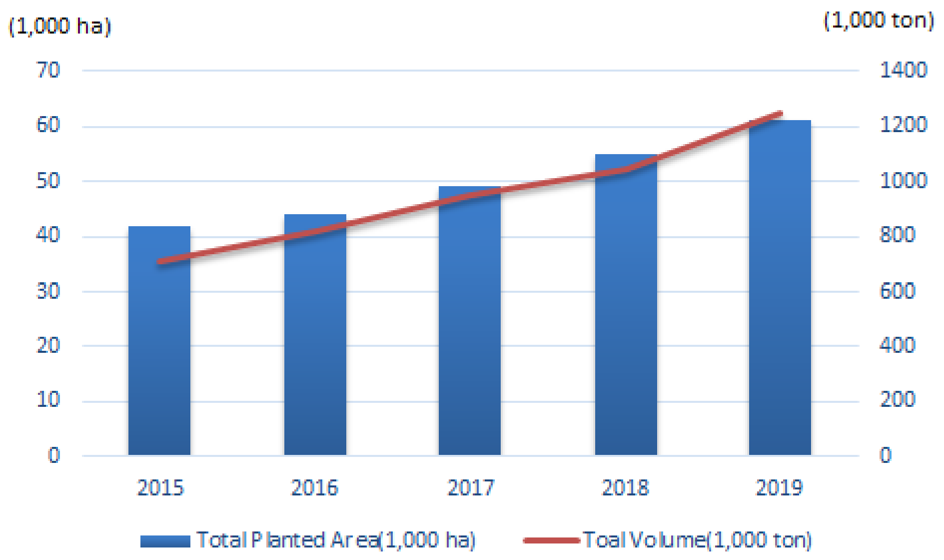
Note: Sorted by the total export amount
Source: General Department of Viet Nam Customs

- ○ Vietnam's pineapple major export destinations from 2015 to 2019 indicate the destination varies every year.
- ○ This is due to the fact that the absolute trade volume of pineapple itself is small, and even a slight increase or decrease in trade with specific export target countries exerts a dramatic effect on the ranking.

d. Dragon fruit

- ○ Vietnam is the largest dragon fruit exporter in the world.
- ○ Over 90% of dragon fruits are exported to China, and the rest is exported to more than 40 countries.
- ○ The dragon fruit grown in Vietnam is largely divided into white dragon fruit and red dragon fruit according to the color of the flesh. A survey of consumers in the United States suggested white and red dragon fruits are large in size, vivid in color, and good in shape, but they are not popular because they are loose and less sweet. On the other hand, yellow dragon fruits grown mainly in Colombia are not attractive in terms of physical features, but it is more popular due to its relatively sweet taste.[3)]

3) http://dragon fruit.net.vn/news/185-world-s-dragon-fruit-suppliers-and-demand.html (Accessed on October 29. 2020)



Source: Ministry of Agriculture and Rural Development: Department of Cultivation

Fig. 6. The Total Planted Area and Volume of Dragon fruits between 2015 and 2019

- ◯ As the largest dragon fruit producer in Asia, Vietnam increased the total plated area for dragon fruits by an average of 7.8% per annum and output by 12.0% from 2015 to 2019.
- ◯ Compared to 2015, the total plated area increased by 45.2%, and the production volume increased by 76.6% in 2019.

Table 11. Major Export Destinations of Dragon fruits between 2015 and 2019 (incl. Fresh and Dried)

(Unit: USD 100 mil)

Country	2015	2016	2017	2018	2019
China	415.866(86%)	816.226(92%)	1,064.377(92%)	1,094.324(92%)	1,152.531(92%)
The United States	9.384(2%)	16.643(2%)	22.442(2%)	32.343(3%)	25.970(2%)
Hong Kong	12.414(3%)	6.604(1%)	10.273(1%)	12.335(1%)	13.191(1%)
Thailand	14.053(3%)	13.795(2%)	12.575(1%)	12.044(1%)	12.008(1%)
India	2.072(0%)	3.092(0%)	3.778(0%)	5.039(0%)	8.862(1%)
Netherlands	3.924(1%)	4.810(1%)	5.597(0%)	5.028(0%)	7.274(1%)
Canada	3.366(1%)	4.227(0%)	4.732(0%)	5.908(0%)	6.111(0%)
Singapore	3.888(1%)	4.569(1%)	4.833(0%)	4.296(0%)	4.030(0%)
Japan	4.807(1%)	2.215(0%)	2.658(0%)	2.964(0%)	2.824(0%)

Country	2015	2016	2017	2018	2019
Korea	1.842(0%)	1.797(0%)	1.717(0%)	2.152(0%)	2.426(0%)
Total	483.409	888.039	1,145.150	1,188.061	1,249.278

Note 1: Parentheses stand for the percentage of the total export amount (rounded to the first decimal place)
Note 2: Countries sorted in descending order by the total export amount
Source: General Department of Viet Nam Customs

○ The export volume of dragon fruits increased from USD 483.409 million in 2015 to USD 1,249.278 million in 2019. This implies 2.6 times growth over the past five years, with an annual average growth rate of 20.9%.

○ The rise of the export volume is mainly due to the increase in consumption of Vietnamese dragon fruits in China, where imports 90% of the total supply.

○ During the same period, exports to Korea increased by 1.3 times from USD 1.842 million in 2015 to USD 2.426 million.

Table 12. Major Export Destinations of Dragon fruits between 2015 and 2019 (incl. Fresh and Dried)

Ranking	2015	2016	2017	2018	2019
1	China	China	China	China	China
2	Thailand	The United States	The United States	The United States	The United States
3	Hong Kong	Thailand	Thailand	Hong Kong	Hong Kong
4	The United States	Hong Kong	Hong Kong	Thailand	Thailand
5	Japan	Netherlands	Netherlands	Canada	India
6	Netherlands	Singapore	Singapore	India	Netherlands
7	Singapore	Canada	Canada	Netherlands	Canada
8	Canada	India	India	Singapore	Singapore
9	India	Japan	Japan	Japan	Japan
10	Korea	Korea	Korea	Korea	Korea

Note: Sorted by the total export amount
Source: General Department of Viet Nam Customs

e. Coconut

◯ Coconut is a highly resistant crop to abnormal climate conditions such as drought and floods and contributes to sustainable agricultural development in Vietnam.

◯ Coconuts are mainly sold fresh in Vietnam and mainly consumed in the southern Vietnam.

Source: Ministry of Agriculture and Rural Development: Department of Cultivation

Fig. 7. The Total Planted Area and Volume of Coconuts between 2015 and 2019

◯ From 2015 to 2019, the total planted area for coconuts increased by 1.7% per year on average and production increased by 3.1%.

Table 13. Major Export Destinations of Coconuts (Fresh) between 2015 and 2019

(Unit: USD 100 mil)

Country	2015	2016	2017	2018	2019
China	1.137(12%)	0.875(17%)	3.036(26%)	21.640(59%)	31.835(67%)
Thailand	0.023(0%)	0.196(4%)	0.248(2%)	1.909(5%)	2.782(6%)
The United States	0.037(0%)	0.126(2%)	0.485(4%)	1.921(5%)	1.404(3%)
Canada	0.012(0%)	0.098(2%)	0.092(1%)	0.123(0%)	0.826(2%)
Japan	0.000(0%)	0.000(0%)	0.044(0%)	0.257(1%)	0.352(1%)
UAE	0.139(1%)	0.099(2%)	0.141(1%)	0.425(1%)	0.286(1%)

Country	2015	2016	2017	2018	2019
Spain	0.051(1%)	0.000(0%)	0.450(4%)	0.569(2%)	0.168(0%)
Egypt	3.893(40%)	1.161(23%)	4.405(38%)	4.260(12%)	0.105(0%)
Turkey	0.046(0%)	0.139(3%)	0.346(3%)	0.709(2%)	0.031(0%)
Algeria	0.538(6%)	0.343(7%)	0.371(3%)	0.856(2%)	0.000(0%)
Total	9.788	5.055	11.730	36.504	47.633

Note 1: Parentheses stand for the percentage of the total export amount (rounded to the first decimal place)
Note 2: Countries sorted in descending order by the total export amount
Source: General Department of Viet Nam Customs

○ The export volume of coconuts increased from USD 9.788 million in 2015 to USD 47.633 million in 2019. This implies 4.9 times growth over the past five years, with an annual average growth rate of 37.2%.

Table 14. Major Export Destinations of Coconuts (Fresh) between 2015 and 2019

Ranking	2015	2016	2017	2018	2019
1	Egypt	Egypt	Egypt	China	China
2	China	China	China	Egypt	Thailand
3	Algeria	Algeria	The United States	The United States	The United States
4	UAE	Thailand	Spain	Thailand	Canada
5	Spain	Turkey	Algeria	Algeria	Japan
6	Turkey	The United States	Turkey	Turkey	UAE
7	The United States	UAE	Thailand	Spain	Spain
8	Thailand	Canada	UAE	UAE	Egypt
9	Canada	Japan· Spain	Canada	Japan	Turkey
10	Japan		Japan	Canada	Algeria

Note: Sorted by the total export amount
Source: General Department of Viet Nam Customs

○ From 2015 to 2017, Egypt was the biggest importing country. Since 2017, as the consumption of Vietnamese coconuts in the Chinese market has soared, China has become the biggest exporting destination since 2018.

○ Korea is not included in Vietnam's ten major coconut export destinations.

Section 2. Status and Trend Analysis of Fruit Market in Korea

1. Overview of Fruit Market in Korea

□ Current Status of Korean Fruit Industry

○ The total supply of fruit crops in Korea (domestic production + imports) increased 38.0% from 3,037,000 tons in 2010 to 4,192,000 tons in 2019.

○ The share of imported fruits in the domestic fruit market increased by 20.4p from 27.0% in 2010 to 47.4% in 2019.

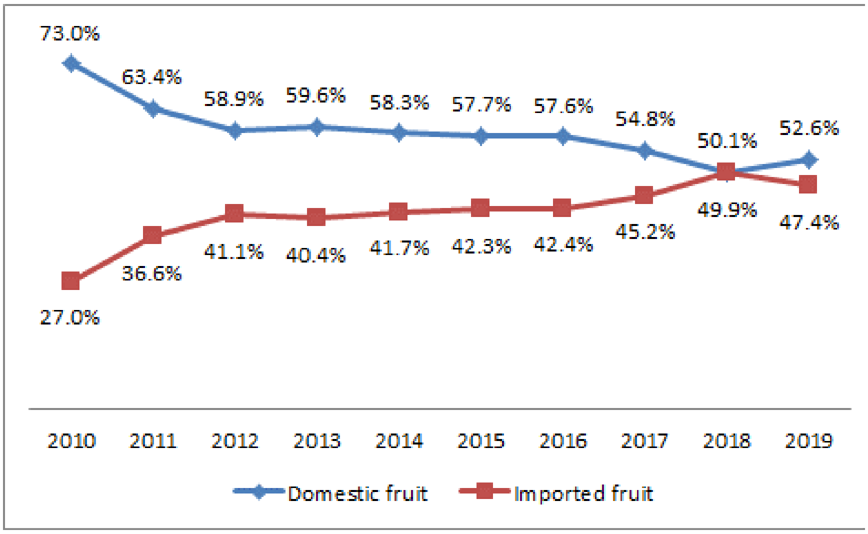
- This indicates that the imported fruit market is growing, and it appears to be a positive environment for the expansion of Vietnamese fruits into the Korean market.

Table 15. Total Supply of Fruit Crops in Korea

(Unit: 1,000 ton, %)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Domestic fruits (A)	2,216	2,102	2,027	2,207	2,347	2,364	2,387	2,358	2,160	2,204
Imported fruits (B)	821	1,213	1,412	1,498	1,677	1,736	1,760	1,943	2,149	1,988
Total supply (C=A+B)	3,037	3,316	3,440	3,705	4,025	4,100	4,148	4,301	4,310	4,192
Proportion of imported fruits (B/C)	27.0	36.6	41.1	40.4	41.7	42.3	42.4	45.2	49.9	47.4

Source: Statistics Korea (http://kosis.kr/index/index.do), KATI (www.kati.net)



Source: Statistics Korea (http://kosis.kr/index/index.do), KATI (www.kati.net)

Fig. 8. Trends in the Proportion of Domestic Fruits and Imported Fruits in the Korean Market

○ The proportion of the total planted areas for fruits in 2019 was 10.2%, a slight increase from 9.5% in 2010, showing a steady increase.

○ In addition to the six major fruits, the planted area of other fruits is increasing, suggesting new changes in terms of diversified fruits and varieties.
- The six major fruits are apples, pears, grapes, peaches, tangerines and persimmons, and other fruits are plums, apricots, plums, and figs, etc.

Table 16. Total Planted Areas for Fruit Crops in Korea

(Unit: 1,000 ha, %)

구분		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Planted Area		1,715	1,698	1,730	1,711	1,691	1,679	1,644	1,621	1,596	1,581
Fruit Crops	Apple	31.0	31.2	30.7	30.4	30.7	31.6	33.3	33.6	33.2	33.0
	Pear	16.2	15.1	14.4	13.7	13.1	12.7	11.2	10.9	10.3	9.6
	Grape	17.6	17.4	17.2	16.9	16.3	15.4	14.9	13.1	12.8	12.7
	Peach	13.9	13.8	14.3	14.6	15.5	16.7	19.9	21.0	21.1	20.6
	Citrus	21.1	21.4	21.4	21.3	21.3	21.3	21.7	21.6	21.6	21.2
	Persimmon	31.8	31.3	30.3	29.2	28.0	27.0	25.1	24.7	23.9	23.0
	Others	30.8	31.0	31.4	34.6	36.8	38.3	40.4	42.0	41.8	40.5

구분		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fruit Crops	Total	162.4	161.2	159.7	160.7	161.7	163.0	166.5	166.9	164.7	160.6
Proportion of Planted Area for Fruit Crops (%)		9.5	9.5	9.2	9.4	9.6	9.7	10.1	10.3	10.3	10.2

Source: Statistics Korea (http://kosis.kr/index/index.do)

☐ Current Status of Imported Fruit Market in Korea

○ Over the past decade, bananas, oranges, and grapes have occupied the top rankings in terms of import value among the imported fruits in Korea.

- In 2010, bananas ranked first in imports with USD 210 million followed by oranges (USD 130 million), grapes (fresh) (USD 84 million), kiwis (USD 57 million), pineapples (USD 45 million) and cherries (USD 331 million), grapefruits (USD 9 million), lemons (USD 8 million), grapes (dried) (USD 8 million), and mangoes (USD 6 million).
- In 2015, bananas ranked first in imports with USD 317 million, followed by grapes (USD 201 million), oranges (USD 173 million), cherries (USD 126 million), kiwis (USD 57 million), pineapples (USD 56 million). Mangoes (USD 53 million), lemons (USD 43 million), grapefruits (USD 30 million), and cranberries (USD 19 million).
- In 2015, bananas maintained the first ranking in imports, and the volume increased by 50.7% compared to 2010. Mango imports also rose 772% from USD 6 million in 2010 to USD 53 million, rising to seventh. Also, cranberries rose to the top ten fruits.
- In 2019, bananas ranked first in imports with USD 302 million, followed by oranges (USD 205 million), grapes (fresh) (USD 202 million), cherries (USD 137 million), kiwis (USD 95 million), mangoes (USD 68 million), pineapples (USD 58 million), lemons (USD 40 million), avocados (USD 32 million), grapefruits (USD 26 million).
- In 2019, the volume of bananas remained the biggest, but the imports decreased by 4.9% compared to 2015. In the case of mango, it was ranked sixth, one step up from 2015, and the amount of imports rose by 28.7%. Interestingly, avocado has been included in the ranking. This reflects the recent trend in favor of healthy food.

Table 17. Major Import Fruits Trend in Korea (2010-2019)

(Unit: USD 1,000)

Ranking	2010		2015		2019	
	Fruit	Amount	Fruit	Amount	Fruit	Amount
1	Banana	210,355	Banana	317,102	Banana	301,520
2	Orange	130,944	Grape	201,160	Orange	205,089
3	Grape(Fresh)	84,127	Orange	173,234	Grape(Fresh)	202,310
4	Kiwi	56,508	Cherry	125,801	Cherry	136,758
5	Pineapple	44,778	Kiwi	56,915	Kiwi	95,032
6	Cherry	33,051	Pineapple	56,482	Mango	68,460
7	Grapefruit	9,467	Mango	53,211	Pineapple	57,829
8	Lemon	7,786	Lemon	43,486	Lemon	39,865
9	Grape(Dried)	7,515	Grapefruit	30,008	Avocado	31,783
10	Mango	6,101	Cranberry, etc.	18,702	Grapefruit	25,922

Note: Only individual items are included in the ranking (excluding other fruit groups)
Source: KATI (www.kati.net)

2. Current Market Status of the Major Fruits

a. Banana

○ The import volume of banana in Korea increased by 9.0% from 338,000 tons in 2010 to 368,000 tons in 2019.

○ In terms of imports by country, as of 2019, the banana was mostly from the Philippines with the amount of 288,000 tons (77.9%), followed by Ecuador with 33,000 tons (9.0%), Guatemala with 20,000 tons (5.4%), and Peru with 13,000 tons (3.6%), Vietnam with 7,000 tons (1.8%), Mexico with 6,000 tons (1.7%), and other 2,000 tons (0.6%).
 - Vietnamese bananas increased 37.4 times from 179 tons in 2015 to 6,686 tons in 2019.

Table 18. Banana Imports Trend in Korea (2010-2019)

(Unit: ton)

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
1	Philippines	336,563.1	Philippines	328,613.3	Philippines	286,916.1
2	Ecuador	975.9	Guatemala	19,507.5	Ecuador	32,986.8

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
3	Columbia	147.3	Peru	6,017.4	Guatemala	20,006.9
4	Malaysia	102.3	Ecuador	5,823.4	Peru	13,353.5
5	Australia	79.9	Costa Rica	3,157.5	Vietnam	6,686.0
6	Peru	19.6	Vietnam	179.3	Mexico	6,288.8
7	Others	19.3	Others	180.8	Others	2,135.5
-	Total	337,907.4	Total	363,479.2	Total	368,373.6

Source: KATI (www.kati.net)

b. Mango

○ The import volume of mango in Korea increased 13.4 times from 1,000 tons in 2010 to 18,000 tons in 2019.

○ In terms of imports by country, as of 2019, Thai mangoes were the highest with the volume of 10,337 tons (57.1%), followed by Peru with 4,237 tons (23.4%), the Philippines with 1,831 tons (10.1%), Vietnam with 805 tons (4.4%), Taiwan with 464 tons (2.6%), Brazil with 243 tons (1.3%), and others with 199 tons (1.1%).
- Vietnamese mangoes increased 3.8 times from 211 tons in 2015 to 805 tons in 2019.

Table 19. Mango Imports Trend in Korea (2010-2019)

(Unit: ton)

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
1	Taiwan	528.0	Philippines	5,716.5	Thailand	10,337.2
2	Thailand	475.8	Thailand	5,692.7	Peru	4,236.9
3	Philippines	336.4	Taiwan	1,760.5	Philippines	1,831.0
4	Australia	7.6	Vietnam	210.8	Vietnam	804.8
5	China	1.7	Australia	84.7	Taiwan	464.4
6	The United States	1.3	Pakistan	3.3	Brazil	242.8
7	Others	0.0	Others	0.9	Others	199.4
-	Total	1,350.8	Total	13,469.4	Total	18,116.5

Note: Both fresh and processed fruits are included
Source: KATI (www.kati.net)

c. Pineapple

○ The import volume of pineapple in Korea increased by 16.7% from 61,000 tons in 2010 to 71,000 tons in 2019.

○ In terms of imports by country, as of 2019, the majority of pineapples (92.9%) came from the Philippines, with the volume of 66,000 tons, followed by Indonesia with 3,000 tons (4.8%), Costa Rica with 1,000 tons (2.0%), and Mexico 0.1 tons (0.2%).

- Although the import volume of pineapple from Vietnam increased from 0.5 tons in 2015 to 1.7 tons in 2019, there has been little import of fresh whole pineapples.

Table 20. Pineapple Imports Trend in Korea (2010-2019)

(Unit: ton)

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
1	Philippines	59,371.7	Philippines	65,475.7	Philippines	65,645.4
2	Costa Rica	1,092.6	Costa Rica	2,400.2	Indonesia	3,383.3
3	Taiwan	66.0	Panama	368.0	Costa Rica	1,426.1
4	Indonesia	25.9	The United States	57.9	Mexico	144.2
5	Malaysia	9.3	Malaysia	49.6	Thailand	31.6
6	The United States	0.0	Taiwan	16.6	Panama	18.0
7	Others	0.0	Others	4.5	Others	2.9
-	Total	60,565.5	Total	68,372.5	Total	70,651.5

Note: Both fresh and processed fruits are included
Source: KATI (www.kati.net)

d. Dragon fruit

○ It is difficult to demonstrate the exact amount of dragon fruit imports because there is no statistical data available.

- Dragon fruit is sorted as ‘'Other fruits (fresh)' (0810909000) under the HS code classification. The group includes all other fruits such as dragon fruit and pomegranate, etc.

○ Korea's imports of ‘Other fruits’ increased by 33.9% from 7,000 tons in 2010 to 10,000 tons in 2019.

○ In terms of imports by country, 'Other fruits' mostly came from the United States with the volume of 8,000 tons (80.7%) in 2019, followed by Vietnam with 1,000 tons (10.5%) and Uzbekistan with 800 tons (8.1%).

Table 21. Other Fruits Imports Trend in Korea (2010-2019)

(Unit: ton)

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
1	The United States	7,397.0	The United States	8,637.9	The United States	8,000.0
2	Uzbekistan	5.2	Vietnam	729.6	Vietnam	1,041.6
3	Canada	0.0	Iran	152.1	Uzbekistan	801.7
4	-	-	Taiwan	14.6	China	31.4
5	-	-	Thailand	3.0	Iran	30.6
6	-	-	New Zealand	2.1	Thailand	6.0
7	-	-	Others	0.0	Others	1.5
-	Total	7,402.2	Total	9,539.3	Total	9,912.8

Note: Table 21 is based on HS Code 0810909000 Other (other fruits including dragon fruit)
Source: Korea Trade Statistics Promotion Institute (www.brandtrass.or.kr)

e. Coconut

○ The import volume of coconut in Korea increased by 56.7% from 2,000 tons in 2010 to 3,000 tons in 2019.

○ In terms of imports by country, Indonesia was the highest with 2,000 tons (48.9%) in 2019, followed by the Philippines with 2,000 tons (47.1%) and Vietnam with 0.1 tons (2.6%).
- Although Vietnamese coconuts increased 3.7 times from 24.0 tons in 2010 to 87.6 tons in 2019, the volume is still insignificant in the entire fruit market.

Table 22. Coconut Imports Trend in Korea (2010-2019)

(Unit: ton)

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
1	Philippines	1,804.3	Philippines	2,029.8	Indonesia	1,641.6
2	Indonesia	293.6	Indonesia	1,260.7	Philippines	1,581.4
3	Vietnam	24.0	Sri Lanka	46.9	Vietnam	87.6

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
4	Sri Lanka	19.7	Vietnam	15.3	Sri Lanka	39.7
5	Malaysia	0.6	The United States	1.3	The United States	6.3
6	Germany	0.5	Malaysia	0.3	Pakistan	0.2
7	Others	0.1	Others	0.0	Others	0.0
-	Total	2,142.8	Total	3,354.3	Total	3,356.8

Note: Both fresh and processed fruits are included
Source: KATI (www.kati.net)

f. Frozen Mango

○ It is difficult to demonstrate the exact amount of frozen mango imports because there is no statistical data available.

- Frozen mango is sorted as ‘Other’ (0811909000) of Frozen Fruits and Frozen Nuts under the HS code classification. The group includes all other frozen fruits and frozen nuts.

○ Korea's imports of ‘Other frozen fruits’ increased by 76.6% from 19,000 tons in 2010 to 33,000 tons in 2019.

○ In terms of imports by country, China was the highest with 9,000 tons (27.5%) in 2019, followed by Vietnam with 7,000 tons (21.1%), the United States with 5,000 tons (15.2%), Peru with 4,000 tons (11.5%), and Chile with 4,000 tons (10.6%).

Table 23. Frozen Fruit Imports Trend in Korea (2010-2019)

(Unit: ton)

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
1	China	10,862.2	Vietnam	10,495.4	China	9,155.2
2	The United States	3,321.4	China	9,940.5	Vietnam	7,025.3
3	Thailand	1,564.2	Chile	7,035.5	The United States	5,070.7
4	Vietnam	1,434.3	The United States	6,576.4	Peru	3,831.0
5	Canada	543.2	Peru	3,735.1	Chile	3,520.8

Ranking	2010		2015		2019	
	Country	Weight	Country	Weight	Country	Weight
6	Philippines	388.8	Thailand	1,934.1	Indonesia	1,524.2
7	Others	726.5	Others	2,861.2	Others	3,144.5
-	Total	18,840.6	Total	42,578.2	Total	33,271.7

Note: Table 23 is based on HS Code 0811909000 Other (Frozen fruits/nuts –excluding strawberries)
Source: Korea Trade Statistics Promotion Institute (www.brandtrass.or.kr)

Section 3. Trends and Implications of the Major Fruits

○ Since the Korea-Vietnam FTA took effect, the volume of imports of Vietnamese agricultural and livestock products in the Korean market increased by about 54%, from USD 830 million in 2015 to USD 1.28 billion as of 2019.

○ Imports of the major Vietnamese fruits have also increased. The import of bananas surged by 3,250% and other citrus fruits by 28,000% compared to 2015.

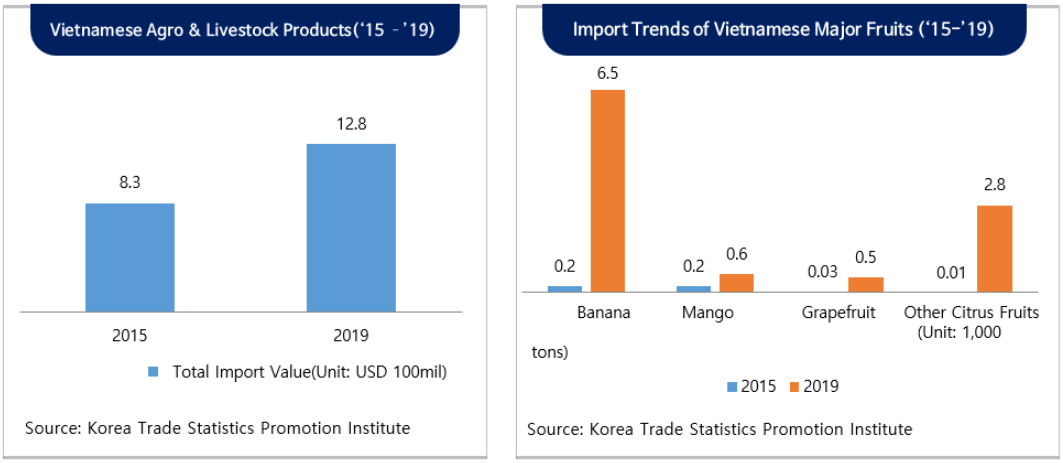


Fig. 9. The Total Value of Imports of Vietnamese Agricultural and Livestock Products and Import Trends of Major Fruits

□ Vietnam's Heavy Export Reliance on the China Market

○ When looking at the major exporting destinations, it is suggested Vietnam mostly concentrates on the Chinese market. Since China is an important market for Vietnam, it implies that import and export transactions focus on products targeted for the Chinese market demand.

○ As the data shows, China-centered exports imply that the Korean market can be seen as a new market with a potential future. Besides, there is a need to expand the market entry based on high quality.

- Major export destinations of Vietnamese bananas are China (88%), Malaysia (3%), and Korea (2%) based on the total export value in 2019.
- Major export destinations of Vietnamese mangoes are China (80%), Russia (2%), and Korea (2%) based on the total export value in 2019.

- Vietnamese pineapples are mostly consumed in the domestic market, and it has critically low sales in the Korean market.
- Major export destinations of dragon fruit are China (92%), the United States (2%), Hong Kong (1%), Thailand (1%), India (1%), the Netherlands (1%), and Canada (less than 1%), Singapore (less than 1%), Japan (less than 1%), Korea (less than 1%) based on the total export value in 2019.
- Major export destinations of coconuts are China (67%), Thailand (6%), the United States (3%), Canada (2%), Japan (1%), UAE (1%), and Spain (less than 1%), Egypt (less than 1%), Turkey (less than 1%), Algeria (less than 1%) based on the total export value in 2019. Korea is not included in the list.

□ Low Market Share of Vietnamese Fruits in Korea

○ The market share of the major Vietnamese fruits in the Korean market is extremely low.
- Major exporters of bananas in the Korean market are the Philippines (77.9%), Ecuador (9.0%), Guatemala (5.4%), Peru (3.6%), and Vietnam (1.8%), based on the total volume.
- Major exporters of mango are Thailand (57.1%), Peru (23.4%), the Philippines (10.1%), and Vietnam (4.4%), based on the total volume.
- Major exporters of coconuts are Indonesia (48.9%), the Philippines (47.1%), and Vietnam (2.6%).
- Although the data on dragon fruit is not available, it mostly comes from Vietnam.

○ In the entire fruit market in Korea, the share of imported fruits was 42.3% in 2015 and increased by 5.1%p to 47.4% in 2019.

○ It is worth noting that there are emerging demands among Korean consumers on new products, convenience products, and various fruits through foreign travel experiences.

○ This suggests that if there is an effective entry strategy for Vietnamese fruits and cooperation with the government and private sector, Korea could be a strategic market, as the imported fruit market is growing.

Chapter 3

Survey on Vietnamese Agricultural Product Producers and Exporters

Section 1. Purpose and Method of Survey

Section 2. Production·Export Status of Vietnamese Agricultural Products

Chapter 3

Survey on Vietnamese Agricultural Product Producers and Exporters

Section 1. Purpose and Method of Survey

1. Purpose of Survey

○ The export of fruits goes through production (cultivation and harvest) → storage → buyer research → preparation for export → transportation → quarantine → customs clearance.

○ Through interviews with representatives of Vietnamese fruit exporters and distributors, this survey attempted to identify the export status of the Vietnamese fruits, the perception of Vietnamese fruits, the strengths and weaknesses of each distribution channel, and improvement measures.

○ Besides, it aimed to establish improvement directions for Vietnamese fruits to secure competitiveness in the Korean market.

2. Method of Survey

○ The survey focused on Vietnamese fruit exporters and distributors.

○ The survey was based on a structured questionnaire, and opinions were collected based on a face-to-face interview method.

Table 24. Survey Design for Vietnamese Fruit Exporters and Distributors

	Details
Fruits	Fresh(Banana, Mango, Pineapple, Dragon fruit, Coconut), Frozen(Mango)
Survey Participants	Vietnamese fruit exporters and distributors
Survey Period	August 2020 ~ September 2020
Survey Method	Interview based on a structured questionnaire

Source : Prepared by the research team

○ A total of 22 companies participated in the survey - 21 Vietnamese fruit exporters and 1 distributor.

○ When it was impossible to conduct a face-to-face interview due to distance issues and Corona 19, a non-face-to-face survey (online investigation and online interview) was conducted instead.
- Face-to-face Method (16 Exporters): Kim Nhung Co., CHANH THU IMPORT-EXPORT LIMITED COMPANY, My Xuong Mango Cooperatives, etc. (1 Distributor): VICONSHIP as general agent of DongYoung Shipping
- Non-Face-to-face Method (4 Exporters): GVA Corporation, Ha Phu Co. Ltd., etc.

Table 25. The Number of Survey Participants by Business Type

	Banana	Mango	Pineapple	Dragon Fruit	Coconut	Frozen Mango	Total
Exporters	6	6	1	3	3	2	21
Distributors	1						1

Source : Prepared by the research team

3. Limitation of Survey

○ This survey was conducted in-depth surveys of 22 companies involved in the fruit export business. Significant results could be derived from their common opinions, but there was a limitation in generalizing individual opinions.

○ Due to the limited sample sizes, statistical power was quite limited. Each survey described limitations accordingly.

Section 2. Production·Export Status of Vietnamese Agricultural Products

1. Quality·Production·Storage

a. Survey Details

a) Quality Control Standards

○ A total of 20 export companies were surveyed to analyze which factors were prioritized in quality control.

○ The participants were asked to choose which factor is prioritized among the following criteria ① Taste/Brix, ② Physical Features (Shape), ③ Physical Features (Size), ④ Physical Features (Color), ⑤ Freshness, ⑥ Safety, ⑦ Quality uniformity ⑧ Storage.

○ In quality control standards, they answered safety was the first and most important factor, followed by the uniformity of quality and freshness.

Table 26. Priority for Quality Control

(Unit: No. of Respondents)

Criteria	1st Priority	2nd Priority	3rd Priority	4th Priority	5th Priority	6th Priority	7th Priority	8th Priority
Taste/Brix	1	2	-	3	3	2	1	8
Physical Features(Shape)	1	1	3	-	4	3	5	3
Physical Features(Size)	1	2	2	3	-	3	9	-
Physical Features(Color)	-	1	2	-	4	4	3	6
Freshness	2	1	2	8	1	2	2	2
Safety	13	1	2	1	1	1	-	1
Quality Uniformity	1	7	5	3	4	-	-	-
Storability	1	5	4	2	3	5	-	-

Source : Prepared by the research team

b) Quality Comparison with Competitors

○ Self-evaluation was conducted in quality, production and storage, vendor capacity, and export support system for 22 fruits from 18 exporters (multiple responses(up to two) allowed if handling multiple fruits)

○ The biggest exporter of each fruit was chosen as Vietnam's competitor, e.g., banana(fresh)- the Philippines, mango (fresh)-Thailand, pineapple(fresh)-the Philippines, coconut (fresh)-Thailand, dragon fruit (fresh)-Thailand, and Mango (frozen)- Thailand.

○ Overall, Vietnam had a comparative advantage in terms of quality and vendor capacity whereas competitors had a comparative advantage in terms of production and storage.

□ Quality

○ In terms of quality, five criteria were self-evaluated: 1) Taste/Brix, 2) Physical Features (shape, size, color), 3) Freshness, 4) Safety, and 5) Health Functionality (Beauty, Immunity, etc.)

○ Overall, the participants evaluated Vietnamese fruits were superior to those of competitors, giving higher scores than competitors in all aspects of quality.

○ In terms of taste/Brix and physical features, the participants evaluated Vietnam had a comparative advantage, but in terms of freshness, food safety and health functionality, they evaluated competitors had an advantage.

Table 27. Quality Comparison with Competitors

Criteria	Average (out of 5)		Survey Results (Total Responses: 22)		
	Vietnamese Fruits	Competitors Fruits	Vietnam has a comparative advantage	Competitive countries have a comparative advantage	Equal
Taste/Brix	4.73	4.14	13	1	8
Physical Features (Shape, Size, Color)	4.82	4.41	11	2	9
Freshness	4.86	4.41	10	1	11
Safety	4.73	4.59	7	5	10
Health Functionality (Beauty, Immunity)	4.95	4.5	9	-	13

Source : Prepared by the research team

☐ Production·Storage

- ◯ In order for Vietnamese fruits to enter the export market, it must be procured in accordance with the desired level of quality and standard within the time frame required by the importer. Furthermore, it is essential to manage production and storage process.
- ◯ In terms of production·storage, three criteria were self-evaluated: 1) Ease of Procurement 2) Standardization 3) Storability
- ◯ The participants evaluated ease of procurement was at a level similar to that of competing countries, but the degree of standardization and storability were evaluated as having lower competitiveness than competing countries.
- ◯ In the face-to-face interview, it was confirmed that the exporters had no major problems in terms of cultivation and harvest to match the export volume but had difficulties in the standard system for selecting fruits and limitations of the storage period after harvest.

Table 28. Production Storage Comparison with Competitors

Criteria	Average (out of 5)		Survey Results (Total Responses: 22)		
	Vietnamese Fruits	Competitors Fruits	Vietnam has a comparative advantage	Competitive countries have a comparative advantage	Equal
Ease of Procurement	4.41	4.41	3	3	16
Standardization	4.59	4.73	3	7	12
Storability	4.32	4.64	2	9	11

Source : Prepared by the research team

☐ Vendor Capacity

- ◯ Self-evaluation was conducted on delivery capacity for quantity and quality required by importers.
- ◯ In relation to delivery capacity, the participants evaluated they had the same level as the competitors.
- ◯ Since the same score was given to both Vietnamese fruits and competitors' fruits, it appeared the participants responded without much consideration. Given the above results from production and storage, it was not considered a significant result.

◯ However, it can be seen that when the respondents exported Vietnamese fruit, the contract was fulfilled without claim by supplying the desired standard of fruits at the expected time frame requested by the buyers.

Table 29. Vendor Capacity Comparison with Competitors

	Average (out of 5)		Survey Results (Total Responses: 21)		
	Vietnamese Fruits	Competitors Fruits	Vietnam has a comparative advantage	Competitive countries have a comparative advantage	Equal
Whether quantity can meet buyers' request	4.67	4.67	2	2	17
Whether quality can meet buyers' request	4.76	4.76	2	2	17

Source : Prepared by the research team

c) Potential Success of Vietnamese Fruits in the Korean Market

◯ The fruit exporters' opinions were collected on the possibility of success of the Vietnamese fruits in the future entry into the Korean market.

◯ Out of 21 companies, 14 responded that Vietnamese fruit exports to the Korean market would be greatly promising in the future, showing confidence in the Korean market.

◯ This was because they have met global standards as they have already exported to overseas markets such as the United States and EU, where the import requirement is highly strict. Therefore, it was suggested that there would be no major difficulties in meeting the standards for exporting agricultural products into the Korean market.

Table 30. Potential Success of Vietnamese Fruits in the Korean Market

(Unit: No. of Respondents)

Very unlikely	Unlikely	Average	Likely	Very likely	Not answered
-	-	4	2	14	1

Source : Prepared by the research team

b. Implication

a) Improvement of Selection and Storage Process

○ The fruit exporters evaluated Vietnamese fruits as being of high quality in terms of taste/Brix, physical features, freshness, nutrition, and safety. In particular, they showed high confidence in quality, such as taste/Brix, and physical features even compared to the competitors.

○ However, in production and storage, they evaluated there was no problem with procurement, but in terms of standardization and storage, they evaluated that they were inferior to competing countries. Therefore, it was suggested that improvement in standardization and storage was necessary.

○ In fact, the exporters explained if a buyer proposed a certain specification, for example, if each importer requested certain weights such as 750g, 800g, 900g, and 1kg, there would be no difficulty in delivering accordingly. However, under the absence of Vietnam's own standard specification, they evaluated selection and standardization is insufficient.

○ In terms of storage, harvested fruits are refrigerated and then supplied when an export contract is made, but the storage period is limited due to storage technology and the nature of varieties. For this reason, they suggested that there is a need to find a way to keep fruits fresher for a longer period of time.

b) Confidence in Entering the Korean Market

○ For the quality control of fruits, they considered safety, uniformity, and freshness as the top priority, which are critical factors when exporting fruits. Thus, it can be seen that their quality management is in line with global standards.

○ Since high scores were given to their experience in supplying the desired level of quality and quantity, there was no difficulty meeting the contract conditions when exporting overseas.

○ Based on their export experience in the United States and EU markets that apply strict standards for imported fruits, they showed confidence in meeting global standards. Also, they evaluated that Vietnamese fruits will have sufficient competitiveness in terms of the possibility of success in the Korean market.

2. Distribution·Sales

a. Survey Details

a) Method of Discovering Overseas Export Routes

○ The survey was conducted how to find importers and make transactions when Vietnamese fruits were first exported to overseas markets.

○ A total of 21 companies responded, and multiple responses were allowed when the transaction was made in multiple ways.

○ In most cases, transaction was made by receiving a direct request from an overseas buyer, followed by direct or indirect overseas market research and export fairs.

○ The least popular method was business arrangements by fruit and agricultural products related associations

○ Other method was through the Internet. It should be noted that some companies used local government websites, but most of them used imported companies' websites or B2B trading platforms such as Alibaba, rather than a separate transaction agency site.

○ Among the respondents, there were companies exporting to the Korean market. The method of discovering export routes in the Korean market was confirmed to be similar to those of overseas export routes.

Table 31. Method of Discovering Overseas Export Routes

(Unit: No. of Respondents)

Overseas market research (direct, indirect)	Fair, etc.	Arrangement by fruit/agricultural products associations	Direct request from buyers	Introduction through similar business partners	Others(via Internet)
9	9	5	19	7	6

Source : Prepared by the research team

Table 32. Method of Discovering Export Routes to Korea

(Unit: No. of Respondents)

Overseas market research (direct, indirect)	Fair, etc.	Arrangement by fruit/agricultural products associations	Direct request from buyers	Introduction through similar business partners	Others(via Internet)
5	4	3	7	6	4

Source : Prepared by the research team

b) Method of Sales

◯ Form of export contracts and procurement were investigated, and a total of 16 companies responded.

◯ All 16 companies had not signed an exclusive supply contract but a general supply contract.

◯ As for form of procurement, 13 companies had contract cultivation and 3 companies had sales after production. Besides, it was confirmed that cultivating and exporting fruits after signing a contract in advance was a common practice.

Table 33. Form of Contract and Procurement for Vietnamese Fruit Exports

(Unit: No. of Respondents)

Form of Contract		Form of Procurement	
Exclusive Supply Contract	General Supply Contract	Contract Cultivation	Sales after Production
-	16	13	3

Source : Prepared by the research team

b. Implication

a) Passive Method of Discovering Export Routes

◯ The most frequent method of discovering overseas export routes was direct transaction requests from buyers, followed by direct or indirect overseas market research by exporters and export fairs.

◯ Other method was through the Internet, but not through a trading agent’s website, but rather through an import company's website or a B2B transaction platform such as Alibaba.

◯ It is greatly challenging for an exporter to directly discover overseas customers due to the lack of information on overseas markets. To expand export opportunities, it is necessary to provide full support from the government level, such as hosting export fairs and directing transactions with export-related associations.

◯ In fact, some exporters suggested that government support is necessary to develop overseas markets, including hosting fairs and establishing trading arrangement channels.

3. Transport

a. Survey Details

☐ **Survey on International Transport**

a) Main Means of Transport

◯ Transport methods were investigated for the export of Vietnamese fruits to Korea.

◯ Out of 21 companies, 13 responded, and some mango-handling exporters used more than one transport.

◯ The major transport was maritime. In the case of mango, air transport was used for some high-quality products with high marketability.

◯ When transporting by sea, CY to CY shipment was widely used in container (FCL) units. In particular, fresh products were shipped in refrigerated containers rather than general containers or ventilated containers.

Table 34. Main Means of Transport and Containers for Export to Korea

Maritime transport & Bulk Packaging	Maritime transport& General container	Maritime transport& Ventilated container	Maritime transport& Reefer Container	Air transport & Air freight container	Air transport& Cardboard box
-	-	-	13	-	3

Source : Prepared by the research team

b) Prioritization in International Transport

○ Prioritization factors were investigated for the export of Vietnamese fruits to Korea.

○ Out of 21 companies, 20 responded and some companies gave multiple answers, but the first answer was counted as the most important factor to consider.

○ Most respondents answered that temperature and humidity were the top priorities among shipping cost, temperature/humidity, shipping period, and shipping routes in international transportation.

○ On the other hand, it was found that there was a tendency to be relatively insensitive to the difference in transportation costs by carriers within the same mode of transportation. Since refrigerated containers can maintain a constant temperature and humidity regardless of the external weather environment, the shipping route is considered relatively insignificant.

Table 35. The Most Important Factor in International Transport

Fruit	Shipping Cost	Temperature· Humidity	Shipping Period	Shipping Routes
Banana	-	6	-	-
Mango	1	4	-	-
Pineapple	-	1	-	-
Dragon fruit	-	2	1	-
Coconut	-	3	-	-
Mango(Frozen)	-	1	1	-
Total	1	17	2	-

Source : Prepared by the research team

c) Contract Subject in International Transport

○ Contract subject and burden of cost in international transport were investigated for the export of the Vietnamese fruits to Korea.

○ Out of 21 companies, 14 responded.

○ It was confirmed that international trade terms were mostly on CIF basis between exporters and importers. This seemed to be a common practice for the convenience of the importer.

◯ In fact, all companies answered exporters signed the contract for transport.

◯ Besides, it was found that the proportion of exporters directly signing a transport contract with a shipping company (or airline) was higher than that of signing through forwarders (transporters).

Table 36. Contract Subject in International Transport

Exporter- Forwarding Company	Exporter - Shipper	Importer – Forwarding Company	Importer - Shipper
2	12	-	-

Source : Prepared by the research team

d) Claim Experience in International Transport

◯ Claim experience was investigated when exporting Vietnamese fruits.

◯ Out of 21 companies, 19 answered.

◯ Compared to Vietnam's major export agricultural products such as rice, cashew nuts, rubber, beans, and pepper, fresh fruits have a shorter storage period. Thus, maintaining the freshness to the exporting destination is key. For this, temperature, humidity, and shipping period were important factors to be taken into account.

◯ 40% of the respondents experienced claims. The primary reason was deterioration in marketability such as overripe and over softness due to delay in transport, followed by deterioration in marketability due to abnormal temperature and humidity control during transport.
- Example) Bananas were over-ripe due to temperature control during international transport, and the importing country declined the import and discarded all of them.

Table 37. Claim Experience in International Transport

None	Yes (Transportation delay)	Yes (Malfunction of temperature/humidity control)
11	4	4

Source : Prepared by the research team

b. Implication

a) Burden of Exporters

○ As CIF(Cost, Insurance and Freight) is the common payment method, the exporter has to arrange for a transport company at his own risk and expense, and bear the burden of insurance contracts with the importer as insured.

○ Although exporters with export scale can handle these in a relatively structured process based on accumulated export experience, small exporters have a larger burden in international transport.

b) Cost of International Transport

○ In the case of refrigerated containers, the storage and transport cost in exporting countries is about 1.3 to 1.5 times higher than that of general containers, so the price bargaining power of exporters who set the CIF unit price is of paramount importance.

○ According to the survey, the proportion of international shipping costs to CIF prices did not show a similar proportion between the same item and the same transport method. The proportion of transport costs between companies ranged from 5% to 30% based on mode of maritime transport.

○ Such difference may be dependent on several variables such as the time of transport and volume of transport. The ability of exporters to select an appropriate carrier (shipper, forwarder) and negotiate international shipping costs with the selected carrier is considered a major factor.

c) Occurrence of Claims due to Factors beyond Controls of Exporters

○ Under CIF terms, the range of risk coverage and the range of cost coverage are different. That is, the exporter must bear the freight and marine insurance cost to the destination at the exporter's expense, but the transfer of risk occurs when the exporter completes loading the goods on board.

○ Accordingly, the exporter is obligated to deliver the goods to the port or airport of the agreed importing country on the date agreed with the importer.

○ The transport-related claims identified in the survey were largely due to transport delays and abnormal temperature/humidity control. If this damages the marketability during the international transport process, the risk is borne by the importer[4].

◯ However, since exporter signs an international transport contract by selecting a shipping company at the exporter's discretion, a problem cannot be free from responsibility as market practice.

4. Ready for Export

a. Survey Details

a) Phytosanitary Certificate

◯ The level of difficulty of issuing Phytosanitary Certificates for export to Korea was investigated compared to the United States, EU, and Japan.

◯ Out of 21 companies, 15 responded.

◯ Most respondents felt the requirements were stricter in Korea than in other countries, followed by those who felt average.

◯ Due to the limited sample size, it was difficult to deduce significant fruit-specific differences.

Table 38. Difficulty of Issuing Phytosanitary Certificates in Korea (compared to the US, EU, and Japan)

	Very easy	Easy	Average	Difficult	Very difficult
Banana	-	-	2	3	-
Mango	-	-	1	2	-
Pineapple	-	-	-	1	-
Dragon fruit	-	-	-	2	-
Coconut	-	-	1	1	-
Mango(Frozen)	-	1	1	-	-
Total	-	1	5	9	-

Source : Prepared by the research team

b) Korean Food Safety and Pesticide Residue Standards

◯ The difficulty of meeting Korean Food Safety and Pesticide Residue Standards was investigated compared to the United States, EU, and Japan.

4) In the event of severe damage to marketability, the importer may be compensated for damages under the marine insurance insured by the exporter as the insured.

○ Out of 21 companies, 15 responded.

○ Most respondents felt the requirements were stricter in Korea than in other countries, followed by those who felt average.

○ Due to the limited sample size, it was difficult to deduce significant fruit-specific differences.

Table 39. Difficulty of Meeting Korean Food Safety and Pesticide Residue Standards (compared to the US, EU, and Japan)

	Very easy	Easy	Average	Difficult	Very difficult
Banana	-	-	2	3	-
Mango	-	-	1	2	-
Pineapple	-	-	-	1	-
Dragon fruit	-	-	-	2	-
Coconut	-	-	1	1	-
Mango(Frozen)	-	1	1	-	-
Total	-	1	5	9	-

Source : Prepared by the research team

c) Packaging and Labeling Requirements

○ The difficulty of meeting packaging and labeling requirements(Country of Origin) by Korean buyers was investigated compared to the United States, EU, and Japan.

○ Out of 21 companies, 17 responded.

○ Most respondents felt the requirements were average in Korea than in other countries, followed by those who felt difficult.

○ However, in the interview, some responded that there were cases where 82 of the packaging requirements were asked by Korean buyers.

Table 40. Level of Difficulty of Meeting the Packaging and Labeling Requirements by Korean Buyers (compared to the US, EU, and Japan)

	Very easy	Easy	Average	Difficult	Very difficult
Banana	-	-	4	1	-
Mango	-	-	3	1	-
Pineapple	-	-	1	-	-
Dragon fruit	-	-	-	2	-
Coconut	-	-	3	-	-
Mango(Frozen)	-	-	2	-	-
Total	-	-	13	4	-

Source : Prepared by the research team

b. Implication

a) Difficulty of Export Quarantine Process

○ In relation to the Vietnamese fruits, it was suggested that Korea has a stricter quarantine process than those in the United States, EU, and Japan.

○ In particular, the fumigation and steam treatment process to treat pests and other bacteria is an act of applying heat to the fresh fruit stored in the refrigerated warehouse after harvest, which may affect the marketability.

b) Difficulty of Food Safety and Pesticide Residue Standards

○ In order to export fresh fruits to Korea, it is necessary to meet the requirements of bacteria and pesticide residues according to the Special Act on Imported Food Safety Control in Korea.

○ Vietnam has introduced the VIET GAP system since 2008, and agricultural product growers in Vietnam voluntarily subscribe to VIET GAP and comply with the relevant standards from cultivation to shipment process.

○ VIET GAP is a voluntary choice of companies; participation cannot be compelled. Since there are no regulations for the type of pesticides, tolerance, and residue, it was confirmed as a factor that hinders export to third countries and marketability.

5. Price

a. Survey Details

a) Export Experience Utilizing FTA

◯ Any experience in exports using the FTA was investigated.

◯ Out of 21 companies, all responded.

◯ 38% of the respondents answered that they had experience using the FTA, and 62% said they did not.

Table 41. Export Experience Utilizing FTA

	Yes	No
Banana	3	3
Mango	1	5
Pineapple	-	1
Dragon fruit	1	2
Coconut	1	2
Mango(Frozen)	2	-
Total	8	13

Source : Prepared by the research team

◯ Among the companies with FTA experience, they also answered which FTA was utilized in export as follows.

Table 42. Which FTA Utilized in Export

	Banana	Mango	Dragon fruit	Coconut	Mango(Frozen)
Korea-Vietnam FTA	2	-	1	-	2
Korea-ASEAN FTA	-	-	1	-	-
Vietnam-Chile FTA	-	-	-	-	-
ASEAN(AFTA)	1	-	-	-	-
Vietnam-EAEU FTA	-	-	-	-	-
CPTPP	-	-	-	-	-
Vietnam-Japan FTA	1	-	-	1	-
China-ASEAN FTA	-	1	-	-	-

	Banana	Mango	Dragon fruit	Coconut	Mango(Frozen)
Japan-ASEAN FTA	-	-	-	-	-
India-ASEAN FTA	-	-	-	-	-
Vietnam-Australia· New Zealand FTA	-	-	-	1	-
Total	4	1	2	2	2

Source : Prepared by the research team

b) Limitations of Utilization of FTA

○ Limitations of the utilization of FTA were investigated when exporting Vietnamese fruits. (multiple responses allowed).

○ Out of 21 companies, 17 responded.

○ Most companies answered that there would be no problem at all when using the FTA, followed by concerns of confidentiality, and lack of understanding country of origin.

○ In particular, others expressed that the FTA is only beneficial to the importers, so the exporters are not motivated to use the FTA.

Table 43. Limitations of Utilization of FTA

	Banana	Mango	Pineapple	Dragon fruit	Coconut	Mango (Frozen)	Total
Lack of Understanding Country of Origin	-	1	-	1	1	-	3
Vastness of documents for verification of origin	-	-	-	-	-	-	-
Burden of verification of origin	-	-	-	1	-	-	1
Concern of confidentiality	-	1	1	-	2	-	4
Absence of personnel in charge of origin management	-	1	-	1	-	-	2
Cost Burden of origin management	-	-	-	-	-	-	-
Others	1	-	-	1	-	-	2
No problem	4	-	-	1	1	2	8

Source : Prepared by the research team

c) Reasons for Not Utilizing FTA

○ Reasons for not utilizing FTA were investigated when exporting Vietnamese fruits. (multiple responses allowed).

○ Out of 21 companies, 17 responded.

○ Most companies answered that there was no problem at all, followed by no request of certificate of origin from buyer, and lack of professional manpower.

Table 44. Reasons for not utilizing FTA

	Banana	Mango	Pine apple	Dragon fruit	Coconut	Mango (Frozen)	Total
No practical benefit	-	2	-	-	2	-	4
Not meeting the requirements of origin	-	-	-	1	-	-	1
Excessive cost of issuing a certificate of origin	-	-	-	-	-	-	-
Lack of professional manpower	1	2	1	2	-	-	6
Lack of information on the method of verification of origin and issuance	1	-	-	1	-	-	2
No request of certificate of origin from a buyer	-	4	-	1	2	-	7
Burden of verification of origin	-	-	-	-	-	-	-
No problem	4	1	-	1	1	2	9

Source : Prepared by the research team

d) Policies or Supports Needed to Promote the Use of FTA

○ Government policies or supports that were deemed necessary to promote the use of the FTA were investigated (multiple responses allowed).

○ Out of 21 companies, 19 responded.

○ For the promotion of FTA, most companies responded that there is no need for any policy or support, followed by a need to expand FTA information provision and FTA consulting service.

Table 45. Policies or Supports Needed to Promote the Use of FTA

	Banana	Mango	Pine apple	Dragon fruit	Coconut	Mango (Frozen)	Total
Support for issuance of certificate of origin				2			2
Education of professional human resources (education, etc.)		2		1	1		4
Expansion of FTA information provision	1	4			2		7
Expansion of management systems such as countermeasures for verification of origin							-
Expansion of FTA consulting service	1	4			2		7
Provision of information on tariff rates of contracting partners		2					2
Simplification of the process of verification of origin							-
Not needed	5		1	1	1	2	10

Source : Prepared by the research team

b. Implication

a) Lack of Understanding FTA

○ Country of origin is the place of production of goods, and it can be largely divided into general (non-preferential) origin and preferential origin. The former is not subject to customs benefits, whereas the latter is subject to customs benefits.

○ In commodity trading, country of origin of a product can have several definitions.

○ Particularly, most of the interviewees were unable to make a clear distinction between a general certificate of origin and an FTA certificate of origin.

○ Despite the fact that an FTA certificate of origin was issued and delivered, they answered they have never used the FTA. Therefore, it can be assumed that the understanding of FTA is low.

b) Passive View on FTA

○ In the question of 'Reasons for Not Utilizing FTA,' many companies responded importers never asked for a certificate of origin.

○ Regardless of buyers' requests, exporters seeking to enter the Korean market or other third countries should compare the MFN tax rate and the FTA tax rate in the importing country. If there is any benefit, it is advised to use FTA to strengthen its export competitiveness actively.

○ Nevertheless, many exporters are passively engaged in the use of FTA, such as not preemptively issuing FTA certificates of origin if there is no request from buyers.

○ In the question of 'Limitations of Utilization of FTA', some companies responded FTA was only significant for importers and it did not affect exporters.

○ Indeed, FTA can directly provide importers with the tariff benefits. Still, there is little understanding that if export goods become price competitive in an importing country, the order volume will expand and ultimately benefit both exporters and producers.

6. Comprehensive Opinions on the Vietnamese Fruits

a. Banana

a) Evaluation of International Competitiveness

○ Vietnam has good conditions for growing bananas, so it has potential as an export product for the Korean market.

○ However, Vietnamese bananas are mainly consumed in the domestic market, and exports are low, which only accounts for 3 to 5% of the total consumption.

○ Vietnamese bananas are exported to many countries, including China, the United States, Japan, Russia, Taiwan, Korea, Indonesia, Netherlands, Thailand and, Singapore.

○ However, the current Vietnam's export market is limited and mainly depends on China. According to the Ministry of Industry and Trade Vietnam, China takes the leads with 28.6%, followed by Japan, Korea, and the United States.

Still, the market share is very insignificant at 4.74%, 3.76%, and 3.44%, respectively.

○ Besides, Vietnam's banana production volume is not yet highly competitive due to higher labor costs and lower labor productivity than other countries.

○ The Philippines, the largest competitor, carefully select high-quality banana products and provide high-quality packaging for export. Indeed, Vietnamese bananas cannot compete with the Philippine bananas regarding quality, marketability, and sales price.

b) Improvement Measures

○ One of the weaknesses is that Vietnam has poor banana preservation technology. To improve the quality, investment in post-harvest processing and preservation technology is necessary.

○ Since individual farmers do not follow uniform cultivation techniques and cultivate them in their own way, the price is high, the quality is poor, and the physical features does not meet importers' requirements.

○ Banana is sporadically cultivated by individual farmers, causing difficulties in harvesting, sorting, intermediate processing, preservation, and packaging processes and incurs high costs.

○ It is necessary to change to a safe and clean process by establishing a special banana cultivation area plan. Besides, if automation technology is applied to the process, the work step will be simpler and faster, greatly improving banana productivity in Vietnam.

○ In order to increase the competitiveness of Vietnamese bananas, it is necessary to promote and support banana varieties and invest in infrastructure systems first. In particular, the improvement of packaging and labeling with more appealing and eye-catching designs will also be needed to improve Vietnamese bananas' marketability.

b. Mango

a) Evaluation of International Competitiveness

○ Vietnam has good conditions to grow mango, and the Vietnamese mango is well known for its taste.

○ Mangoes are grown all year round in the Mekong Delta and the southeastern region, while other countries can only cultivate in the summer season, which is a distinct advantage of Vietnamese mangoes.

○ Vietnam ranks 13th in the world in terms of mango production, but exports are still small and out of the top 10 major mango exporters. Over the past few years, Vietnam's major mango export markets have been dominated by Korea (43% of the total mango exports), Japan (34%), and Singapore (7%).

○ After 10 years of negotiations, as of February 2, 2019, Vietnamese mangoes were licensed to export to the United States. the United States has become the 40th export market for Vietnamese mangoes.

○ Some varieties such as Cat Chu, Hoa Lok, and Yan Chau are exported to markets where imports of agricultural products are strict such as the EU and the United States, and exports are expected to increase continuously.

○ Distribution costs for Vietnam mango are quite high, so its price competitiveness is low.

○ Because mango is a climacteric fruit[5)], it ripens quickly after harvest. This type of fruit continues to rise in respiration during the storage or distribution period after harvest, and the respiration volume reaches its peak. Due to the characteristics, special care must be required in the distribution environment such as temperature, harvest time, washing, precooling, and storage.

○ In the case of Vietnam, due to the lack of handling experience and processing technology, there are many difficulties in preventing physical features deterioration and quality control such as color change.

b) Improvement Measures

○ Mango is mainly sold fresh, but the post-harvest processing technology is poor in Vietnam, resulting in a high loss rate of products in the stages of harvesting, preservation and transportation. Therefore, it is necessary to disseminate technologies for conservation improvement.

○ Due to the small-scale production by individual farmers, the quality of mangoes varies and it is difficult to standardize them.

5) The climacteric is a stage of fruit ripening associated with increased ethylene production and a rise in cellular respiration. A rise in cellular respiration results in a rapid change in quality.

○ Quality requirements in overseas markets are increasing. Therefore, it is necessary to meet strict standards such as quality, food safety, packaging, storage, steam treatment or investigation, country of origin, and phytosanitary requirements.

○ One solution can be developing and designating mango specialized production areas that apply standards such as Viet GAP and Global GAP for export.

c. Pineapple

a) Evaluation of International Competitiveness

○ 95% of fresh pineapples are consumed in the domestic market, and exports are low.

○ Pineapple is one of the ideal fruits for cultivation in mountainous or reclaimed areas. However, these areas are quite far from farms in other regions, so it is difficult to stabilize prices and access products.

○ Vietnamese pineapple cooperatives have not been yet organized or changed in cultivation technology reflecting Viet GAP. For this reason, the quantity of pineapples that meet export requirements is still small.

b) Improvement Measures

○ There is few planted areas of pineapples that meets the Viet GAP and Global GAP. It is necessary to develop a pineapple-specialized production area that meets high productivity and quality through Viet GAP and Global GAP certification.

○ Pineapple is a fruit that requires intensive investment, but the yield of pineapple (50-70% of the regional average) is low due to lack of capital from farmers. Therefore, a major investment in science and technology is required.

d. Dragon fruit

a) Evaluation of International Competitiveness

○ Vietnam's dragon fruit exports are much higher than domestic consumption. Vietnam is currently the world's largest exporter of dragon fruits, with the highest market share in Asia, Europe, and parts of the United States.

○ However, Vietnamese dragon fruit is currently facing great pressure in international markets such as China, the United States, and Australia. This is because rival countries are expanding the scale of dragon fruit production.

○ Vietnam's dragon fruit production faces many challenges, including the effects of climate change and diseases (brown spots, insects, pests, etc.).

○ There are difficulties in meeting export quality certification standards. Testing capacity is low, and irradiation services for microbial testing are limited.

○ It is costly to export fresh dragon fruits to overseas markets.

b) Improvement Measures

○ It is advised to promote investment in new varieties resistant to climate change and pests.

○ It is necessary to build the capacity of companies to meet the requirements of the Global GAP standards, agricultural business, and production processes.

e. Coconut

a) Evaluation of International Competitiveness

○ The planted area for coconut in Vietnam accounts for only 4% of the area in Indonesia and the Philippines, 6% in India, and 40% in Sri Lanka.

○ However, Vietnam's coconut yield and quality are higher than the average of the Asia Pacific coconut producers. According to an assessment by the International Coconut Community (ICC), Vietnam's average yield of coconuts is 9,863 pieces per ha per year (equivalent to 1.9 tons of Copra[6)]), which was higher than the average of the Asia Pacific Coconut Association (APCC) (equivalence to 0.9 tons of Copra), as well as the Philippines, Indonesia (equivalence to 0.85 tons of Copra) and India (equivalent to 1.1 tons of Copra).

○ The Philippines has substantial experience in exporting coconuts and has a potential market advantage. Except for this strong competitor, the other coconut producers have almost the same level of competitiveness with Vietnam in terms of production, agricultural conditions, and technological development.

6) Copra is the dried meat or kernel of the coconut.

○ However, Vietnam's coconut production, like the other fruits is sporadically cultivated in individual farms.

b) Improvement Measures

○ Vietnam's coconuts are also distributed and cultivated in small-sized farm units. Farmers with a cultivation area of 0.1 to 0.5ha account for more than 75% of the total farmhouse.

○ Besides, there is a need for improvement in the labor shortage and coconut cultivation technology during the farming season. Most of Vietnam's coconut plantations are old and need to be improved to increase production. Coconut cultivation technology should be enhanced through technological and scientific approaches such as seed quality development and land improvement.

f. Frozen Mango

a) Evaluation of International Competitiveness

○ Frozen mangoes can preserve the taste, color, freshness, and nutrition by quick freezing immediately after harvest. This is one of the main ways to avoid losses during the storage process and maximize profits during peak harvest times.

○ Frozen mangoes are exported in smaller quantities than fresh mangoes and processed mango products because they involve investment in freezing standardization technology.

○ Few companies in Vietnam have freezing technology suitable for producing frozen mangoes for export. More investments need to be made in freezing technology, and there is a need to further expand overseas markets.

b) Improvement Measures

○ Investment in frozen mango processing technology is required to meet strict frozen mango market standards.

Chapter 4

Survey on the Status of Stakeholders by Distribution Channel in Korea

Chapter 4 Survey on the Status of Stakeholders by Distribution Channel in Korea

Section 1. Purpose and Method of Survey

1. Purpose of Survey

○ In general, imported fruits go through the stages of: importers → wholesalers (middleman) → retailers → consumers or importers (direct sourcing from distributors) → distributors → consumers.

○ This research aimed to identify strengths and weaknesses, problems, and improvement measures for Vietnamese fruits in the Korean market through interviews with importers and wholesale/retail distributors handling Vietnamese fruits.

○ Besides, it provided suggestions on future improvement directions by collecting opinions on the distribution stages and channels of Vietnamese fruits in the Korean market.

2. Method of Survey

○ The survey focused on importers, wholesalers, and retailers.

○ The survey was conducted based on a structured questionnaire, and opinions were heard based on a face-to-face interview method.

Table 46. Stakeholder Survey Designs for Participants by Distribution Channel

	Details
Fruits	Fresh(Banana, Mango, Pineapple, Dragon fruit, Coconut), Frozen(Mango)
Survey Participants	Importers, wholesalers (middle wholesalers), retailers (large retailers, convenience stores, online shopping malls, etc.)
Survey Period	May 2020 ~ August 2020

	Details
Survey Method	Interview(or via phone call) based on a structured questionnaire

Source : Prepared by the research team

◯ A total of 37 companies participated in the survey. Pineapples were replaced by collecting opinions from cup fruit manufacturers because they had no record of imports and transactions available.
- Importers(Dole Korea, Halla Agricultural Co., Tomorrow, Empire Trading, Welfarm, etc.)
- Wholesalers(Seoul Fruits,, Imported Fruits Middlemens, etc.)
- Retailers(GS Retail, Emart, Lotte Mart, Homeplus, Baemin, etc.)

Table 47. The Number of Participants by Distribution Channel

	Banana	**Mango**	**Pineapple**	**Dragon fruit**	**Coconut**	**Frozen Mango**
Importer	5	2	-	3	2	1
Wholesaler	4	3	-	5	2	-
Retailer	2	2	-	2	2	1
Processor			1			

Source : Prepared by the research team

3. Limitations of Survey

◯ Currently, pineapples and bananas have the largest market share in the imported fruits market of Korea. However, Vietnam had little export performance in both fruits as of 2019.

◯ Critical information was collected by conducting in-depth interviews with importers and wholesale/retail distributors who have experience handling Vietnamese fruits.

◯ Therefore, there was a limitation in the statistical approach on the fruits from Vietnam, and the evaluation through the interviews should be used for reference only.

Section 2. Distribution Status of Vietnamese Fruits in Korea

1. Banana

a. Market Trend

○ Banana is the most popular imported product in the Korean fruit market.

○ In the 1980s, it was recognized as a luxurious fruit that was difficult for the public to access. However, after the import liberalization in 1991, the price fell, becoming one of the most popular fruits in Korea.

○ In the fruit sales ranking of Emart, which is one of the largest retailers in Korea, banana remained firmly as a representative fruit until 2017.

○ However, there are fluctuations in the banana market after strawberries, and Shine Muscat appeared as high-ranking items for sale.

○ In fact, the import volume of bananas in 2019 was 36.8 thousand tons, decreased by 13.8% compared to 2018, showing a decrease in overall volume.

Table 48. Fruit Sales Ranking by Year at Emart

Ranking	2017	2018	2019(Jan~Oct)
1	Banana	Citrus	Grape
2	Citrus	Apple	Apple
3	Apple	Banana	Citrus
4	Watermelon	Grape	Watermelon
5	Strawberries	Strawberries	Banana

Source: Emart

○ Recently, the Korean fruit market is in a low-growth trend due to the economic downturn, and fruit consumption patterns are also changing.

○ According to the government's policy direction to pursue the diversification of fruits, new fruit varieties are being introduced to the market, and consumers are also seeking new imported fruits.

○ Although banana is considered the most popular fruit in Korea, it is difficult to expect consumption patterns without major changes in quality improvement and marketability

◯ Recently, as banana vendors have diversified, bananas are available at convenience stores, and small-sized bananas can be easily purchased at cafes such as Starbucks.

b. Product Trend

◯ Bananas are generally sold by hand(unit), and they are distributed in the form of only a product with label, band, or bag package.

◯ Typically the brand names of banana are closely associated with the representative brands of the import distributors.

◯ Bananas are imported from the Philippines, Columbia, Mexico, and Peru. Also, Lotte mart started directly importing Vietnamese bananas this year.

Product Image			
Country of Origin	Philippines	Columbia	Philippines
Brand	Dole Sweetio Banana	Bana Valley Fresh	Bana Valley Sky
Specification	Per Hand / +/-1.3kg	Per Hand	Per Hand / +/-1.3kg
Retail Price	4,980 won	2,980 won	4,980 won
Product Image			
Country of Origin	Columbia	Vietnam	Peru

Brand	Sweet Mountain	Highland Banana	Sumifuru Organic Banana
Specification	Per Hand	Per Hand / +/-1KG	Per Hand
Retail Price	3,980 won	3,480 won	5,490 won
Product Image			
Country of Origin	Mexico	Philippines	Philippines
Brand	Sunfarm Snack Pack Banana	Dole Middleland	Del Monte
Specification	Per Pack / 600g	Per Hand	Per Hand
Retail Price	1,980 won	4,490 won	2,980 won

Source: Online Shopping Malls (Emart, Lotte Mart, Home Plus)

Fig. 10. Trends in Banana Products (by hand)

○ The selling unit of Banana in small packages are usually 1 or 2 fingers.

○ Like Dole Ban Ban Han Banana, bananas packaged according to the degree of ripening and shared for 5 days are also on sale.

○ Recently, Sumifuru started selling a product called ‘Gamsukwang loves Choco’, which contains bananas and chocolate.

○ Starbucks, the most renowned cafe in Korea, is also selling bananas as small snacks. Banana is being distributed as a representative fruit that can be easily accessed.

Product Image			
Country of Origin	Ecuador	Philippines	Philippines
Brand	Daily Fruit Banana	Pungmiwang Banana	Dole Ban Ban Han Banana
Specification	2 Fingers/Pack	2 Fingers/Pack	5 Fingers/Pack
Retail Price	990 won	1,180 won	2,980 won
Product Image			
Country of Origin	Philippines	Philippines, Ecuador	
Brand	Sumifru Gamsukwang loves Choco	Premium Banana	
Specification	1 Finger/Pack	1 Finger/Pack	
Retail Price	1,200 won	1,500 won	

Source: Online Shopping Malls (Emart, Lotte Mart, Home Plus)

Fig. 11. Trends in Banana Products (sold by small package)

c. Distribution Channel

☐ Customs Clearance after Import

○ Imported bananas go through inspection and customs clearance after entering the port.

- Under the 『Plant Protection Act』, it is advised to report to the head of plant quarantine agency, undergo quarantine by a plant quarantine officer, and go through food quarantine by the Ministry of Food and Drug Safety under the 『Food Sanitation Act』. For customs clearance and quarantine, it generally takes about 3 to 4 days.

○ For the purpose of ripening, bananas can be stored for up to two weeks in the port bonded warehouse after receiving the certificate of acceptance from the two institutions above.
- Storage before ripening costs 300 ~ 500 won/box

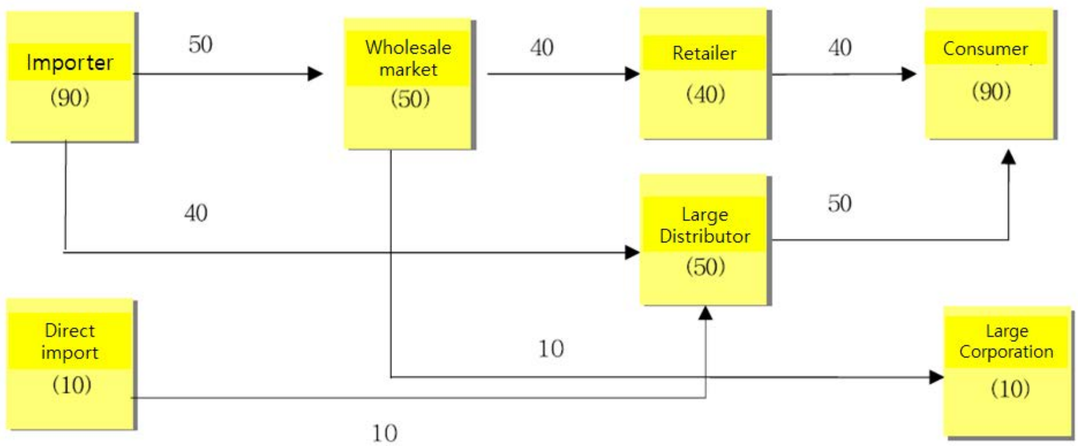
○ After customs clearance approval, the ripening process is handled in the warehouse owned by the importer.
- Generally, green banana is matured under the temperature of 19℃ ~ 16℃, releasing ethylene gas for 5 to 7 days.

○ After packaging in accordance with retailers' request (such as a large retailer), it is transported and sold to the retailer, including a large retailer's distribution center and wholesale market.

□ **Domestic Distribution Channels**

○ According to Korea Agro-Fisheries & Food Trade Corporation, as of 2018, imported bananas were distributed to large distributors and wholesale markets though importers.

(Unit: %)



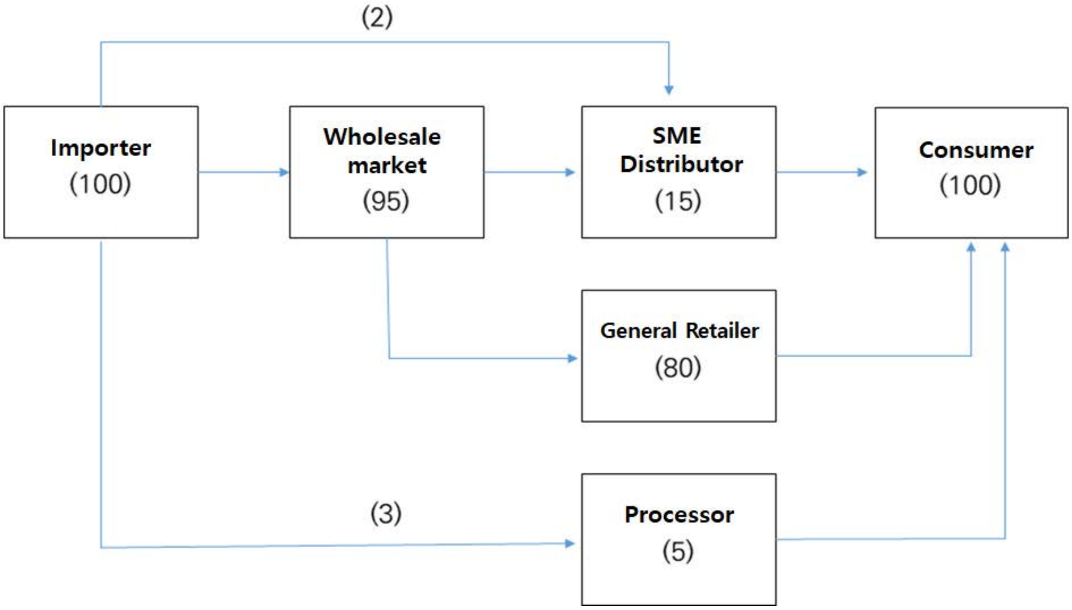
Source: Korea Agro-Fisheries & Food Trade Corporation

Fig. 12. Distribution Channel of Imported Bananas (in 2018)

○ On the other hand, bananas imported from Vietnam did not go through distribution channels such as large retailers in 2019, and were mostly delivered to consumers through general retail distributors such as small and medium-sized retailers or traditional markets through wholesale middlemen.

○ Most of Vietnamese bananas were not distributed through large distributors but metropolitan or local wholesale markets.

(Unit: %)



Note: Fig. 13 was based on interviews with importers in 2019

Fig. 13. Distribution Channel of Imported Bananas (in 2019)

○ It is worth noting that in 2020, Lotte Mart started importing and offering Vietnamese bananas through direct sourcing, which accounts for about 20% of the total volume of bananas in Lotte Mart.

d. Evaluation and Opinion on Distribution Channel[7)]

a) Importers

□ **Distribution Status**

○ As of 2019, 17 companies imported bananas from Vietnam and the total import volume of Vietnamese bananas was 6,686 tons.

○ Of these, five companies handled more than 88% of the total volume.

7) Since the evaluation was not a survey aiming at a large number of participants but an assessment based on objective facts by stakeholders, it is necessary to interpret the results with a careful approach.

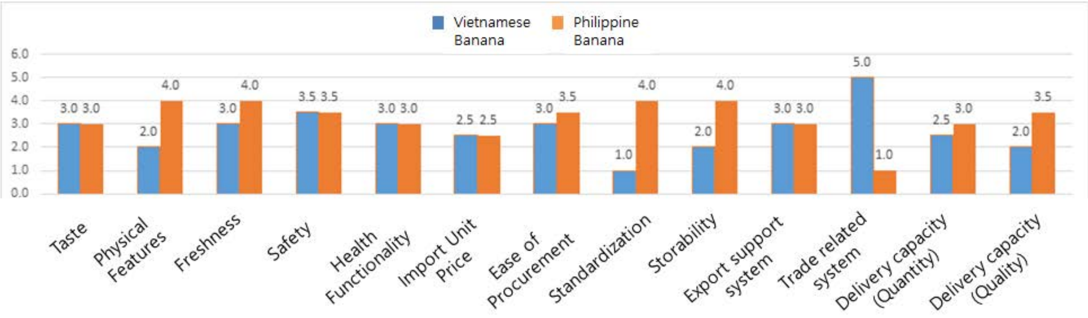
- Major companies are Dole Korea, Halla Agricultural Co., Ltd., and Tomorrow.

○ Except for the major companies, a great deal of importers tended to import on an irregular basis, and there were many cases where importer information was unclear.
- This may cause problems in quality and safety management.

□ Evaluation

○ Import and Sales managers were asked to evaluate bananas from Vietnam and other countries based on the quality, distribution, systems, and capacities of local exporters.
- Quality(Taste/Brix, Physical Features(Shape/Size/Color), Freshness, Food Safety, Health Functionality)
- Distribution(Import Unit Price, Ease of Procurement, Standardization, Storability)
- System(Export Support System in Exporting Countries, Trade Related System(incl FTA))
- Local Exporters' Capacity(Delivery Capacity(Quantity & Quality)

○ The total score of Vietnamese bananas (2.7) was lower than the Philippine bananas (3.2).
- The Philippine bananas scored higher in physical features, freshness, standardization, and delivery capacity(quantity & quality)

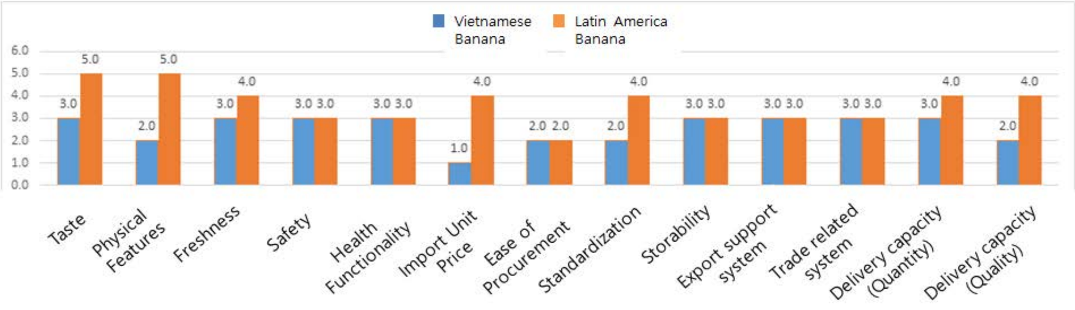


※ Scored between 0 and 5
Source : Prepared by the research team

Fig. 14. Evaluation by Banana Importers (Vietnam vs Philippines)

◯ The total score of Vietnamese bananas (2.5) was lower than Latin American bananas (3.6).

- Latin American bananas scored higher in physical features, freshness, import unit price, standardization, and delivery capacity(quantity & quality)



※ Scored between 0 and 5
Source : Prepared by the research team

Fig. 15. Evaluation by Banana Importers (Vietnam vs Latin America)

☐ Key Opinions

① Marketability

◯ Some expressed that Vietnamese bananas are less tasty compared to the competitors. Besides, the texture of the Vietnamese banana is considered rough for Koreans. To compete with the competitors in the Korean market, it is necessary to pay more attention to physical features.

◯ The quality of banana can be improved if it can be managed by a large farm such as Dole.

② Korean Strict Standard

◯ As Korean consumers' expectations and quarantine standards are high, it is difficult to import fruits that do not meet such standards.

③ Relocation of Main Production

◯ Dole began to run a banana plantation in Vietnam. The Philippines is now the largest exporter of bananas, but land productivity will decline quickly due to the nature of banana trees. Moreover, if they are farmed for a long time in the same land, it is hard to have a plantation in the same land for about 60 years.

○ Considering the relocation of the main production, Vietnamese banana can have potential in the Korean market.

④ High Logistics Cost

○ The cost of logistics is high in Vietnam. Air logistics costs about USD 1.6 per kilogram, twice as expensive as in Thailand.

○ The quality is satisfactory, but the technology and expertise in packaging and storage methods seem poor.

○ If unnecessary costs are reduced and unit prices are lowered, it can be expected that there will be more exports to the Korean market and more opportunities for Korean consumers to access the Vietnamese products.

⑤ Need for Stability in Procurement

○ Vietnamese bananas cannot be distributed to large retailers due to its limited delivery capacity.

○ In order for Vietnamese bananas to stably enter the Korean market, a steady and stable supply is a priority.

⑥ Vietnam's Competitiveness

○ Vietnam has a clear geographical advantage as it is located relatively close to Korea among the banana producing countries. In the case of bananas from Latin America, it takes 30 to 60 days to arrive in Korea, so quality and cost are less competitive.

⑦ Tariff Effect

○ Bananas from Peru and Colombia apply no tariff when using the FTA, whereas Ecuadorian banana applies a 30% tariff because Ecuador has no FTA agreement with Korea. As for the FTA with Vietnam, the FTA tariff rate in 2020 is 12%, which will be gradually abolished, reaching 0% in 2024. Even though tariff reduction from 5% to 7% currently has little effect on the market, it is expected that there will be actual tariff effects gradually through FTA in the future. b) Wholesales

☐ Distribution Status

○ According to the 2018 Agricultural and Marine Products Wholesale Market Statistical Yearbook, imported bananas in the Korean market were 184,667 tons, i.e., 43.2% of the total import volume of 427,150 tons in 2018.

○ However, there are many cases in which country information is missing during importing into the wholesale market, making it difficult to analyze the exact import status of Vietnamese bananas.

- According to Seoul Agricultural and Fishery Food Corporation, the trading volume of imported fruits was 61,000 tons, a 6.2% decrease from the same period last year (65,000 tons). Major items such as bananas, oranges, grapes, and pineapples appeared to have decreased.

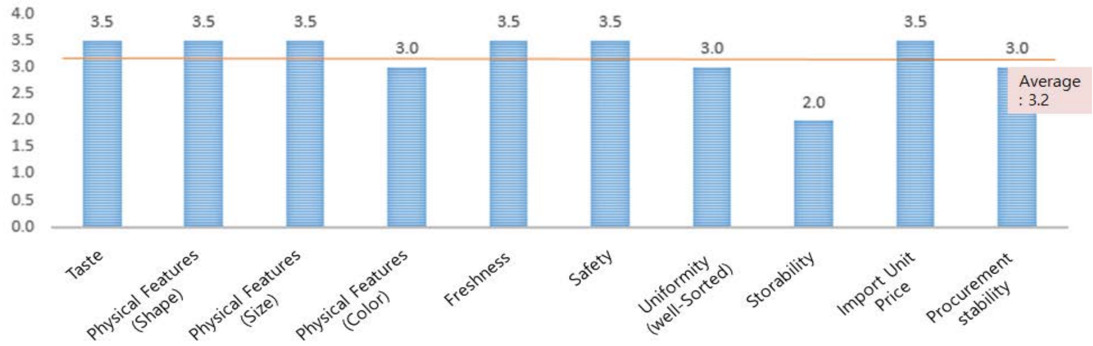
○ Vietnamese bananas are being distributed among local mainstream merchants through the metropolitan and local wholesale markets.

☐ Evaluation

○ Wholesale-level business managers were asked to evaluate bananas from Vietnam and other countries based on the quality, distribution, systems, and capacities of local exporters.

- Quality(Taste/Brix, Physical Features(Shape/Size/Color), Freshness, Food Safety, Health Functionality)
- Distribution(Import Unit Price, Ease of Procurement, Standardization, Storability)
- System(Export Support System in Exporting Countries, Trade Related System(incl FTA))
- Local Exporters' Capacity(Delivery Capacity(Quantity & Quality)

○ The average total score was 3.2, and the areas such as storability (2.0), physical features (color) (3.0), uniformity(well-sorted) (3.0), and ease of procurement (3.0) were evaluated lower than the average.



※ Scored between 0 and 5

Source : Prepared by the research team

Fig. 16. Evaluation of Vietnam Banana at the Wholesale Stage

□ Key Opinions

① Wholesale Market-Oriented Distribution

○ Vietnamese bananas are mainly supplied to small and medium-sized marts/retail stores through wholesale markets. The reason why it cannot be distributed through large-scale distribution channels is because the volume is too small.

○ Also, the price of goods through the wholesale market cannot be set high. The items sold through the wholesale market are products that are positioned with low-cost strategies such as traditional markets and fruit trucks, so market expansion is limited.

○ In order to form the market price, it is essential to enter a larger retail market.

② Demand of Foreigners Residing in Korea

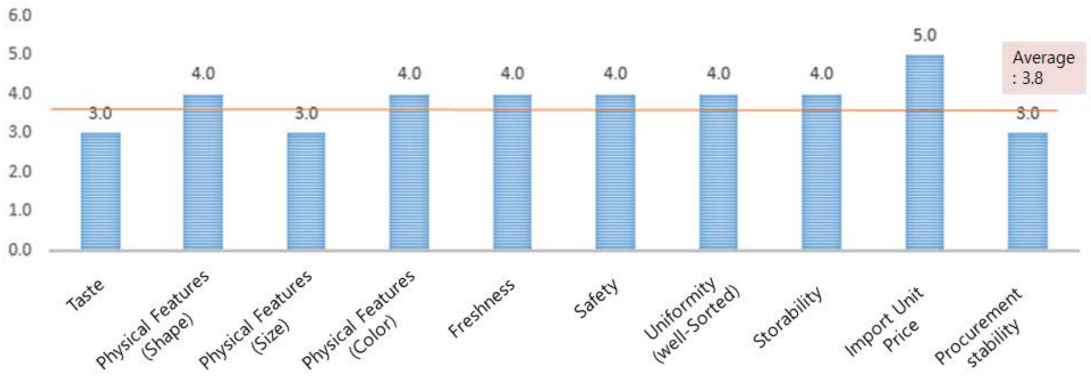
○ Foreigners residing in Korea, mainly in Ansan Wholesale Market, consume a large amount of tropical fruits, including bananas.

c) Retails

□ Evaluation

○ Imported fruits buyers were asked to evaluate bananas from Vietnam and other countries based on the quality, distribution, systems, and capacities of local exporters.

○ The average total score was 3.8 points, and the areas such as taste (3.0), physical features (size) (3.0), and ease of procurement (3.0) were evaluated lower than the average.



※ Scored between 0 and 5

Source : Prepared by the research team

Fig. 17. Evaluation of Vietnam Banana at the Retail Stage

□ Key Opinion

① Vietnamese Banana Competitiveness

○ Philippine bananas are well marketed depending on quality, e.g., high Brix and general Brix, and the quality is well controlled. On the contrary, there is a lack of such practice for Vietnamese bananas.

② Need to Secure Banana Ripening Technology

○ Ripening technology and facilities are essential for bananas. Multinational large-scale importers such as Dole and Del Monte already have the ripening technology, whereas small-scale companies have limited access to technology.

③ Uniform Quality

○ If quality improvement is difficult, the quality must be maintained at a consistent level, and the size must be large enough to compete with others.

○ If Philippine banana is perceived as a high-quality product with a high price, Vietnam is recognized as an average quality product with a low price.

2. Mango

a. Market Trend

○ Mango has established itself as a representative item with high quality and popularity in the Korean fruit market since 2014.

○ The sweetness and taste of mango brought high consumer satisfaction, and in 2014, it replaced the orange market where imports declined due to changes in North American climate conditions.

○ During this period, as overseas travel to Southeast Asia increased, Korean consumers became accustomed to the taste of tropical fruits, which contributed to the growth of the mango product market.

○ Mango can be served as a gift or consumed as a fruit, including processed mango products.

○ Recently, it is used as a main raw ingredient for processing. It is processed into various items such as beverages, dressings, yogurt, and jelly.

b. Product Trend

○ Mangoes are sold individually or in packs of two or three at the retail stage and are sold in boxes for wholesale or gift purposes.

Product Image			
Country of Origin	Thailand	Philippines	Thailand
Brand	-	-	-
Specification	Per Piece	Per Pack/3	Per Pack/2
Price	6,980 won	9,980 won	8,980 won

Source: Online Shopping Malls (Emart, Lotte Mart, Home Plus)

Fig. 18. Trends in Mango Products (Fresh Whole)

○ Like Dole's mango products, mango is also sold in containers, along with pineapple and yellow peach.

Product Image			
Country of Origin	Thailand	Thailand	Thailand
Brand	Dole	Dole	Dole
Specification	198g	113g	665g
Price	1,980 won	990 won	5,600 won

Source: Online Shopping Malls (Emart, Lotte Mart, Home Plus, Coupang, Market Curly)

Fig. 19. Trends in Mango Products (Processed)

c. Distribution Channel

☐ Custom Clearance after Import

○ Imported mangoes are stored in a bonded warehouse (refrigerated warehouse) after entering the port, and then undergo inspection and customs clearance procedures.

- Under the 『Plant Protection Act』, it is advised to report to the head of plant quarantine agency, undergo quarantine by a plant quarantine officer, and go through food quarantine by the Ministry of Food and Drug Safety under the 『Food Sanitation Act』.
- For customs clearance and quarantine, it generally takes about 3 to 4 days. Customs clearance costs between 1,000 won and 1,500 won per box.
- In the case of plant quarantine, a random sample test of about 90 to 108 boxes is conducted. As for food inspection, when the initial quantity is imported, a comprehensive test such as a pesticide residue test is performed.

○ After customs clearance approval, mango is moved into the warehouse owned by the importer.

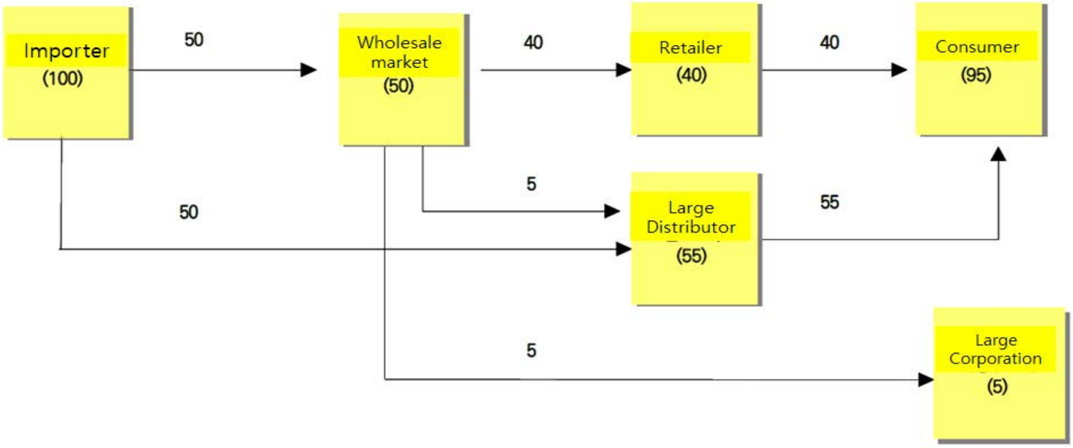
○ After packaging in accordance with retailers' request (such as a large retailer), it is transported and sold to a large retailer's distribution center and wholesale market.

□ **Domestic Distribution Channel**

○ According to Korea Agro-Fisheries & Food Trade Corporation, as of 2017, imported mangoes were distributed to large distributors and wholesale markets though importers.

○ This is not much different from the case of bananas.

(Unit: %)

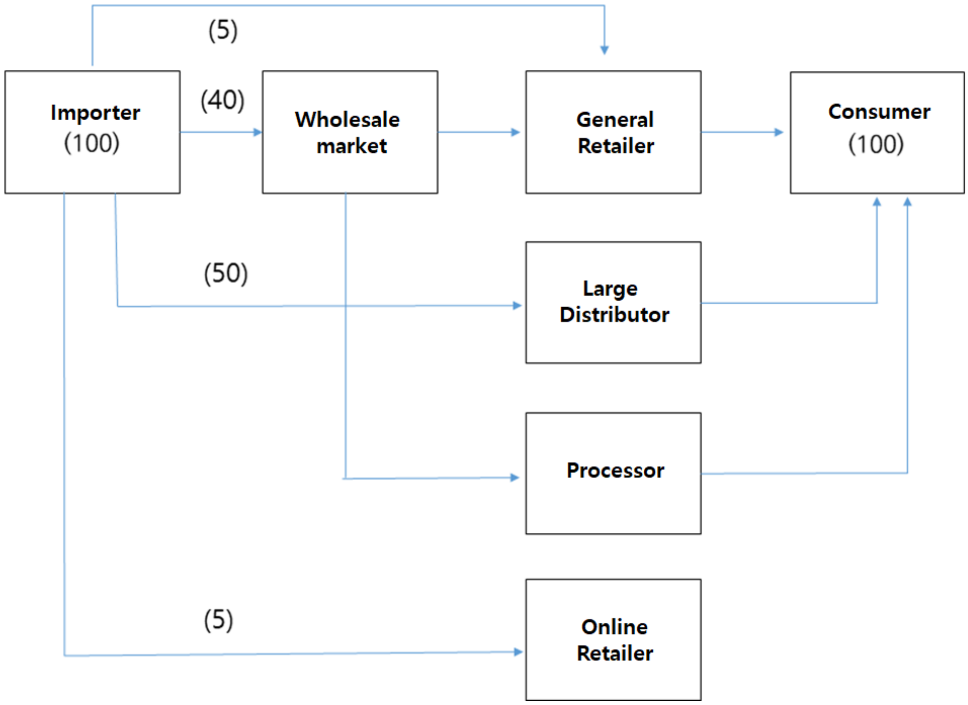


Source: Korea Agro-Fisheries & Food Trade Corporation

Fig. 20. Distribution Channel of Imported Mangoes (in 2017)

○ According to Vietnamese mango importers, wholesale markets and large distributors were identified as the main channels, and recently, sales through online malls were also active.

(Unit: %)



Note: Fig. 21 was based on interviews with importers in 2019

Fig. 21. Distribution Channel of Imported Mango (in 2019)

d. Evaluation and Opinion on Distribution Channel

a) Importers

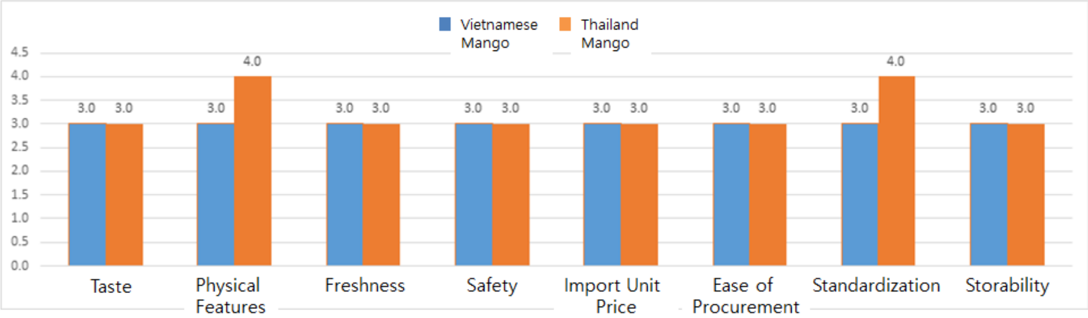
☐ **Distribution Status**

◯ As of 2019, ten companies imported mangoes from Vietnam and the total import volume of Vietnamese mangoes was 804.8 tons.

◯ Of these, two companies handled more than 90% of the total volume.
- Major companies are MNT and Empire Trading

☐ **Evaluation**

◯ Thai mango scored higher than Vietnamese mango in terms of physical features and standardization.



※ Scored between 0 and 5
Source : Prepared by the research team

Fig. 22. Evaluation by Mango Importers (Vietnam vs Thailand)

□ Key Opinions

① Monopoly Structure of Vietnamese Mango Exporters

○ Vietnamese mango are dominantly exported by Cat Thong and Hong Paht.

○ Since some companies monopolize export rights, leading to some disadvantages. Indeed, several companies have the sole export rights on certain fruits.

○ In order to export mangoes with good quality, it is necessary to ban monopoly so that the market can compete for quality and price.

○ Due to the exclusivity, it appears those companies have no motivation for quality improvement or price competition.

② Production Conditions

○ In Vietnam, the agricultural industry is led by small farmers, and there is no large farm. For this reason, there is little potential for large-scale production and management.

○ Farming education is needed to improve productivity and quality.

③ Excessive Distribution Cost

○ Distribution costs are high, especially air transport. In Thailand, it costs USD 0.4 to USD 0.6 per unit, but Vietnam requires USD 1.2 to USD 1.4 even if transported by Vietnam's state-owned airlines, so the price competitiveness is very low.

④ Need for Safety and Quality Management System

○ There is too much variation in quality such as Brix and freshness.

○ Since there is no traceability system, there is no means to track and trace mango in the event of quality issues.

⑤ Development of New Varieties

○ Although mango is currently considered competitive among the key fruits in this research, new varieties with competitiveness compared to other countries should be developed.

⑥ Speed of Customs Clearance

○ Due to the nature of mangoes, freshness is of paramount importance, so delays in customs clearance may cause losses. For items that are important to maintain freshness, such as mango and cherries, it is essential to promptly process customs clearance.

b) Wholesales

□ Distribution Status

○ The amount of imported mangoes brought into the wholesale market is yet available.

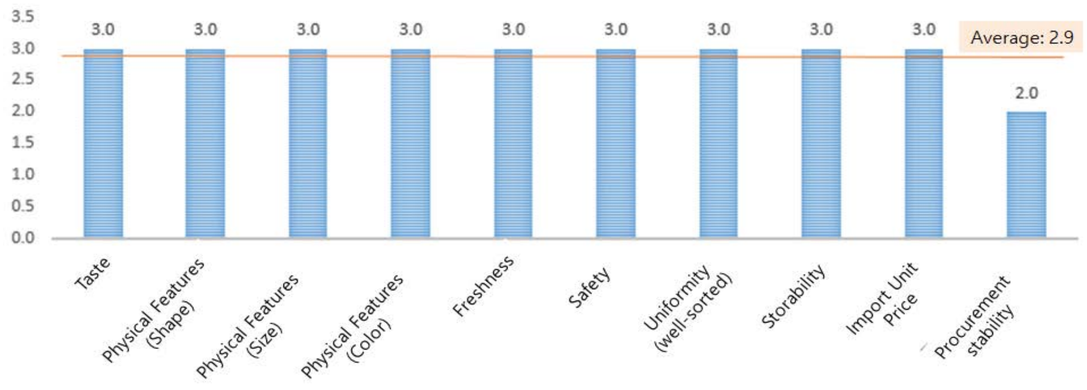
○ However, it is estimated that about 8,477 tons, about half of the total import volume of 18,116 tons as of 2019, were traded in the wholesale market.

○ It is assumed that 90% of mangoes is sold to local retail stores through the wholesale market, and 10% to retailers that sell fruit baskets.
- It is distributed in many places such as Ansan Foreign Market, and foreigners from Southeast Asia are major customers.

○ Most places such as department stores and marts are directly sourced or purchased directly from importers.

□ Evaluation

○ The average total score at the wholesale stage was 2.9 and ease of procurement (2.0) was evaluated lower than the average.



※ Scored between 0 and 5

Source : Prepared by the research team

Fig. 23. Evaluation of Vietnam Mango at the Wholesale Stage

□ Key Opinions

① Quality Assessment

○ Vietnamese mangoes are of good quality than the other Vietnamese fruits, but their marketability, including physical features, etc., are inferior compared to Thai mangoes.

○ The sorting process is considered poor.

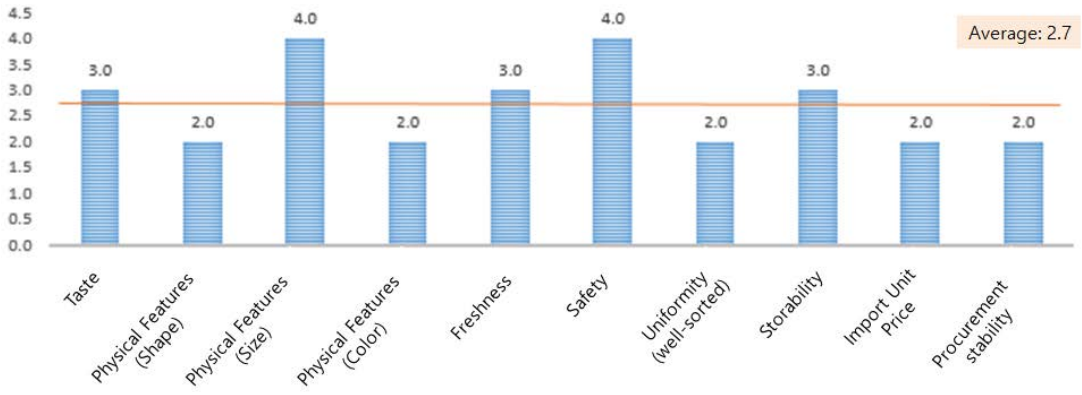
② Price Competitiveness

○ As there is no price difference with Thai mangoes, there is no price competitiveness.

c) Retails

○ Imported fruits buyers were asked to evaluate mangoes from Vietnam and other countries based on the quality, distribution, systems, and capacities of local exporters.

○ The average total score was 2.7 and the areas such as taste (2.0), physical features (color) (2.0), uniformity(well-sorted) (2.0), import unit price (2.0), and ease of procurement (3.0) were evaluated lower than the average.



※ Scored between 0 and 5

Source : Prepared by the research team

Fig. 24. Evaluation of Vietnam Mango at the Retail Stage

□ Key Opinion

① Mango Market Outlook

○ It is expected that there is an intensive competition from the second half of 2020 till next year. Since too many new markets are expected to open, so it is challenging for fruit distributors.

○ Of the varieties of mango in Vietnam, some varieties may be competing with Thai mango. Nonetheless, it does not seem easy to consistently provide the quality and quantity desired in Korea because of varied production areas for each variety.

② Limited Vapor Heat Treatment Plants

○ Vapor heat treatment is essential to export mangoes to Korea. However, in Vietnam, the local vapor treatment facilities approved by the Korean government are limited to only two locations in the Mekong River Zone.

3. Pineapple

a. Market Trend

○ Pineapple is one of the popular fruits together with banana.

○ A significant amount of pineapple is distributed as food ingredients in the buffet and group meal industry and made for canned foods and juices.

○ The Korea Rural Economic Institute surveyed 72 fresh fruit and vegetable manufacturers in 2018. According to the result, 29.2% of the companies used pineapples, accounting for 29.2%. This represents 9.6% (10,870.3 tons) of the total amount of 113,535 tons.

○ In addition to lettuce (26,275 tons), which is the most used item, pineapple (10,870 tons), excluding onion (20,255 tons), garlic (11,809 tons), cabbage (11,226 tons), was found to be the most used among fruits.

○ In the early stages of entry into the Korean market, fresh whole pineapple was dominant, but many are distributed in a sliced form in recent years.

○ This reflects a change in consumer preference. Consumers tend to avoid purchasing fresh whole pineapples due to its waste and hassle after consumption.

○ Vietnamese pineapples were imported before 2019, but there was no actual import record of distribution as of 2019, and Philippine pineapples occupy an absolute leading position in the Korean market.

b. Product Trend

○ Pineapple is sold individually. New products such as gold pineapple are also on the market.

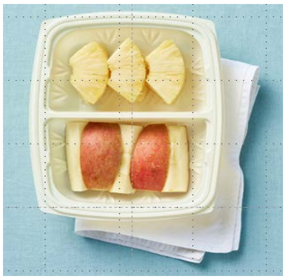
Product Image			
Country of Origin	Philippines	Philippines	Philippines
Brand	Gamsukwang	Dole Sweetio	Gold Pineapple
Specification	1(whole)	1(whole)	1(whole)
Price	5,980 won	8,900 won	4,480 won

Source: Online Shopping Malls (Emart, Lotte Mart, Home Plus)

Fig. 25. Trends in Pineapple Products (Fresh Whole)

◯ There are many varieties of sliced types of pineapple products.

◯ Fresh cut pineapple products or pineapples packaged in disposable cups are more widely bought than fresh whole pineapples.

Product Image			
Country of Origin	Philippines	Philippines	Philippines
Brand	Del Monte Cut Pineapple Gold Pine Chunk	All Fresh Pineapple Box	Dole Pineapple Cup
Specification	2kg	140g	198g
Price	25,300 won	3,500 won	1,990 won
Product Image			
Country of Origin	Philippines	Philippines	Philippines
Brand	Cut pineapple	Daily Fresh Fruits (Apple+Pinapple)	Assorted Fruits (Pineapple+Tomato+Kiwi)
Specification	540g	300g	230g
Price	6,480 won	4,800 won	11,500 won

Source: Online Shopping Malls (Emart, Lotte Mart, Home Plus, Market Curly, Coupang)

Fig. 26. Trends in Pineapple Products (Cut or Sliced)

c. Evaluation and Opinion on Distribution Channel

a) Importers

☐ **Key Opinions**

◯ Vietnamese pineapples are currently not imported into Korea. Compared to other countries such as the Philippines and Costa Rica, it is less competitive and is less popular in the market.

◯ Pineapples are generally considered to have limitations in the market.

◯ Pineapples are mainly distributed as food ingredients for buffets and group meals and the current outlook under the pandemic of the Corona 19 situation is not so bright.

b) Wholesales

☐ **Key Opinions**

◯ The most-traded pineapple in Korea is Philippine pineapple, which is ideal for cutting into cylindrical shapes. Vietnamese pineapples are small in shape and not suitable for processing.

◯ Vietnam has no packaging facilities and has a weak infrastructure for pineapples.

◯ Vietnamese pineapple is less sweet than that of the Philippines.

◯ Fresh whole pineapples are commonly found in the wholesale market but cut pineapple products are mostly sold at large retail shops.

◯ Fresh whole pineapples through the wholesale market are normally distributed to buffets or wedding venues.

c) Retails

☐ **Key Opinions**

◯ Pineapples from the Philippines are ideal for sliced pineapple products and have good physical features, taste, and price.

◯ Vietnamese pineapples were on the market two years ago, but it was difficult to find any comparative advantages over the Philippine pineapple.

4. Dragon Fruit

a. Market Trend

○ Dragon fruit has been recognized as a representative fruit of imported tropical fruits as it has entered the Korean market since 2009.

○ Thanks to FTAs, the expansion of overseas travel, and the pursuit of large retailers' fruit diversification projects, imported fruits have become popular in Korea since around 2015.

○ Around that time, dragon fruit was settled in the Korean market. Consumers associated dragon fruit with a tropical fruit product healthy fruit, and scarce fruit that cannot be experienced in Korea.

○ Dragon fruit, as a strategically luxurious imported fruit, has led to the cultivation in Korea and is now being produced in large quantities in Jeju Island.

Source: 2014 Lotte Mart, Imported Fresh Food Lunar New Year Gift Set (Yonhap News 2014.01.20.)

Fig. 27. Dragon fruit Gift Box for Lunar New Year (Example)

○ Around 2015, imported fruits accounted for 35% of the total fruit sales, and imported fruits began gaining popularity around that time. Major imported fruits have also expanded from bananas, pineapples and oranges to fruits that have not been handled before, such as mangoes, palmes, dragon fruits, durians, and avocados.

○ The imported fruit sales(as of November 2014) of Emart increased by 9.2% compared to the previous year. During the same period, Vietnam dragon fruit sales increased by 642% to 919 million won. Vietnamese dragon fruit imports increased significantly from 82 tons in 2012 to 612 tons by November this year.

○ In 2015, a buyer explained dragon fruit was one of the promising items, predicting that dragon fruit could be sold year-round. If its growth continued, it would break pineapples with sales of 4 billion won.
- In the same article, sales of bananas, the most popular fruit, was expected to be about 50 billion won and mangoes 5.4 billion won and pineapples 3.7 billion won.

○ Unlike the previous outlook, however, the marketability of the dragon fruit market in recent years is critically low.

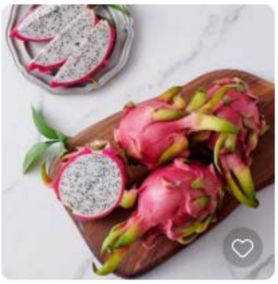
○ In the Korean market, dragon fruits are in demand at temples and stores, which are for religious events. Also, there is a market formed for consumers who perceive dragon fruit as healthy food and for foreigners residing in Korea.
- Low-priced fresh dragon fruits are sometimes used as salad ingredients in buffets and group meals.

○ Red dragon fruits started entering the market, but it is not showing great performance due to its high price and low-quality satisfaction compared to the existing one.

○ Even in large retail stores, dragon fruit is recognized as an assortment of imported fruits rather than a flagship product.

b. Product Trend

○ Dragon fruit is sold individually or in packs (1 whole, 4 whole).

Product Image			
Country of Origin	Vietnam	Vietnam	Vietnam
Brand	-	-	Dole
Specification	Per Pack/whole	whole	Per Pack/4 whole
Price	6,980 won	3,980 won	9,990 won

Source: Online Shopping Malls (Emart, Lotte Mart, Home Plus)

Fig. 28. Trends in Dragon fruit Products (Fresh Whole)

○ Dragon fruit is sold as a component of 'disposable cup fruit products' that are cut and consumed easily.

Product Image			
Country of Origin	Vietnam	Vietnam	Vietnam
Brand	Cool Fresh IFC Dragon fruit	All Fresh Cut Fruits	Convenience Fruits
Specification	PET / 230g × 2	300g	150g
Price	15,000 won	6,900 won	2,800 won

Source: Coupang and Market Curly

Fig. 29. Trends in Dragon fruit Products (Processed)

c. Distribution Channel

☐ Customs Clearance after Import

○ Imported dragon fruit is loaded in CY (Container Yard) after entry into the port and undergoes plant quarantine inspection, food inspection, and customs clearance.

- Under the 『Plant Protection Act』, it is advised to report to the head of plant quarantine agency, undergo quarantine by a plant quarantine officer, and go through food quarantine by the Ministry of Food and Drug Safety under the 『Food Sanitation Act』.
- For customs clearance and quarantine, it generally takes about 3 to 4 days.

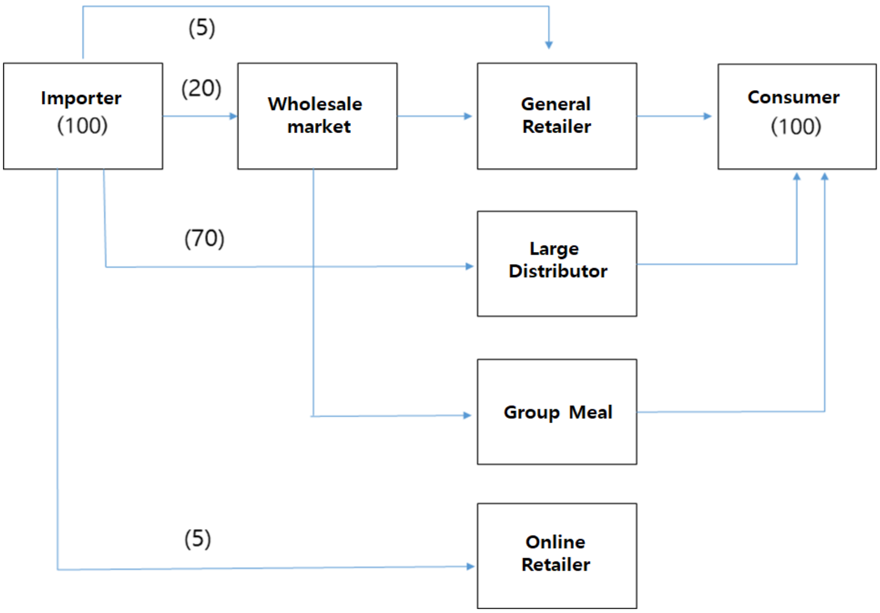
○ After customs clearance approval, dragon fruit is moved into the warehouse owned by the importer. After packaging in accordance with retailers' request (such as a large retailer), it is transported and sold to a large retailer's distribution center and wholesale market.

□ Domestic Distribution Channel

○ Vietnamese dragon fruit is distributed about 20% from importers to wholesale markets and 70% to large distributors.

○ It is then redistributed to small and medium-sized retail stores through the wholesale market. Also, it is popular among foreigners in the market, such as the Ansan wholesale market.

(Unit: %)



Source : Prepared by the research team

Fig. 30. Distribution Channel of Imported Dragon fruits from Vietnam (in 2019)

d. Evaluation and Opinion on Distribution Channel

a) Importers

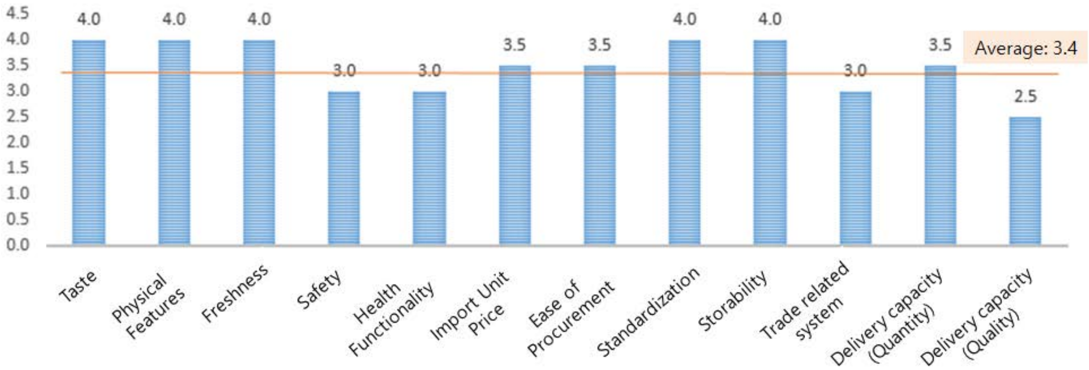
☐ **Distribution Status**

◯ As of 2019, four companies imported dragon fruits from Vietnam and the total import volume of Vietnamese dragon fruits was 942 tons.

◯ Of these, three companies handled more than 97% of the total volume.
- Major companies are Dole Korea, Suil Trade, Jinwon Trade, etc.

☐ **Evaluation**

◯ The average total score of import fruit buyers was 3.4, and the areas of safety (3.0), health functionality (3.0), trade-related system (3.0), and delivery capacity(quality) (2.5) of local exporters were evaluated lower than the average.



※ Scored between 0 and 5
Source : Prepared by the research team

Fig. 31. Evaluation by Vietnam dragon fruit Importers

☐ **Key Opinions**

① **Marketability of Red Dragon Fruits**

◯ Recently, red dragon fruits have been imported, but its price is too high for its quality, so its competitiveness is low.

◯ Red dragon fruits have been brought in once this year, but no additional quantity has been brought in. There is no big difference in taste from white dragon fruit, but the price is twice as high.

○ The market response is not so bright, and it is suggested there is no plan to bring into the Korean market.

② **Major Consumers of Vietnamese Dragon Fruits**

○ In the metropolitan area, dragon fruit is also consumed as buffet salads, but most of them are consumed by certain consumers for religious events, mainly in Daegu.

b) Wholesales

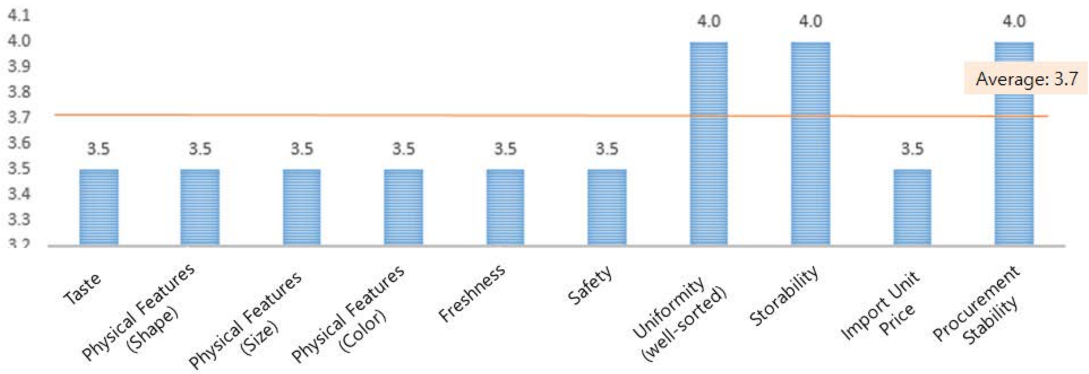
☐ **Distribution Status**

○ In the Korean wholesale market, dragon fruit is classified as other fruit, and it is difficult to determine the exact volume.

○ It is believed that dragon fruits are distributed through wholesale middleman and sold for fruit basket manufacturers or general retailers.

☐ **Evaluation**

○ The average total score at the wholesale stage was 3.7 and the areas of taste (3.5), physical features (3.5), freshness (3.5), safety (3.5) and import unit price (3.5) were evaluated lower than the average.



※ Scored between 0 and 5
Source : Prepared by the research team

Fig. 32. Evaluation of Vietnam Dragon fruit at the Wholesale Stage

☐ **Key Opinions**

① **Demands at the Wholesale Stage**

◯ Dragon fruits are sold to fruit basket makers.

◯ Dragon fruits are used for decorative purposes to make it look good when constructing a fruit basket.

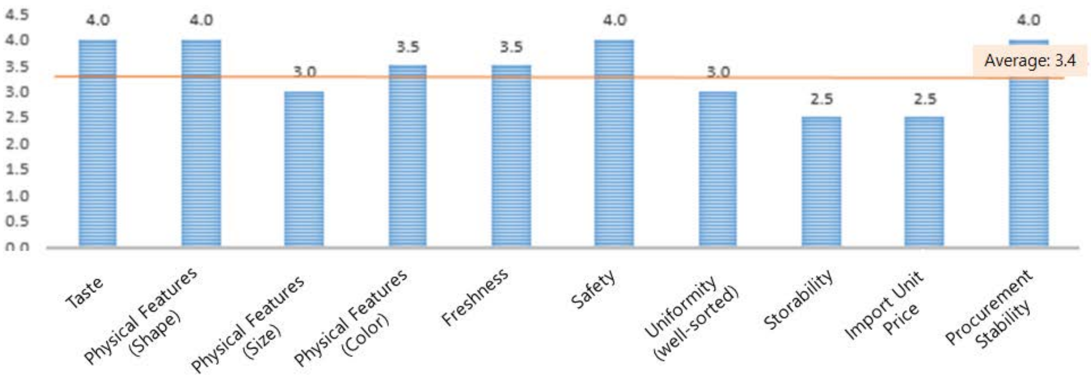
c) Retails

☐ **Distribution Status**

◯ The market for dragon fruit has shrunk dramatically since 2015, and in large retail shops, it is being sold as an additional assortment at the fruit section.

☐ **Evaluation**

◯ The average total score at the retail level was 3.4 points, and the areas of physical features (size) (3.0), uniformity(well-sorted) (3.0), storage (2.5), and import unit price (2.5) were evaluated lower than the average.



※ Scored between 0 and 5
Source : Prepared by the research team

Fig. 33. Evaluation of Vietnam Dragon fruit at the Retail Stage

☐ **Key Opinions**

① **Demands at the Retail Stage**

◯ The dragon fruit market grew by 15% compared to last year.

◯ Although it is not in great demand in the imported fruit market, it is believed that there is a specific demand group.

○ The peak season is in early April, and demand is high among temples and fortune tellers.

5. Coconut

a. Market Trend

○ Coconut was launched along with dragon fruit as a leading tropical fruit in the Korean market around 2015.

○ Around this time, consumers had more overseas travel experience to Southeast Asian countries, and experiences in contacting imported fruits have increased. Large-scale retailers also greatly expanded their handling of imported fruits in terms of diversification of production areas and product differentiation strategies.

○ Large retailers also focused on promoting tropical fruits, including coconuts, and contributed greatly to actual sales improvement.

Source: Lottemart

Fig. 34. Lotte Mart's Tropical Fruit Characters (2014)

○ With the recent change in the consumption trend that emphasized convenience, processed coconut products are getting more popular than fresh whole coconuts

- Coconut is difficult to dispose of food waste from the shell after consumption.

○ There is a demand as coconut is believed to be good for relieving hangovers. Like dragon fruits, the market size has been greatly reduced.

b. Product Trend

○ Coconuts are packaged and sold individually, and convenience stores are also offering coconut products that be directly consumed with a straw for convenience.

Product Image			
Country of Origin	Vietnam	Thailand	Thailand
Brand	Young Coconut	-	Ready-To-Eat Coconut
Specification	whole	whole	whole
Price	2,980 won	3,980 won	3,500 won

Source: Online Shopping Malls(Emart, Lotte Mart) and GS25

Fig. 35. Trends in Coconut Products (Fresh Whole)

○ Coconut is sold in various processed forms such as oil, water, and powder.

Product Image			
Product Type	Coconut Oil	Coconut Water	Coconut Powder
Country of Origin	Philippines	Thailand	Philippines
Specification	500ml	1L	500g
Price	15,800 won	6,120 won	3,700 won

Source : Emart Online shop

Fig. 36. Trends in Coconut Products (Processed)

c. Distribution Channel

☐ **Customs Clearance after Import**

○ Imported coconuts are loaded in CY (Container Yard) after entry into the port and undergoes plant quarantine inspection, food inspection, and customs clearance.
- Under the 『Plant Protection Act』, it is advised to report to the head of plant quarantine agency, undergo quarantine by a plant quarantine officer, and go through food quarantine by the Ministry of Food and Drug Safety under the 『Food Sanitation Act』.
- For customs clearance and quarantine, it generally takes about 3 to 4 days.

○ After customs clearance approval, coconuts are moved into the warehouse owned by the importer. After packaging in accordance with retailers' request (such as a large retailer), it is transported and sold to a large retailer's distribution center and wholesale market.

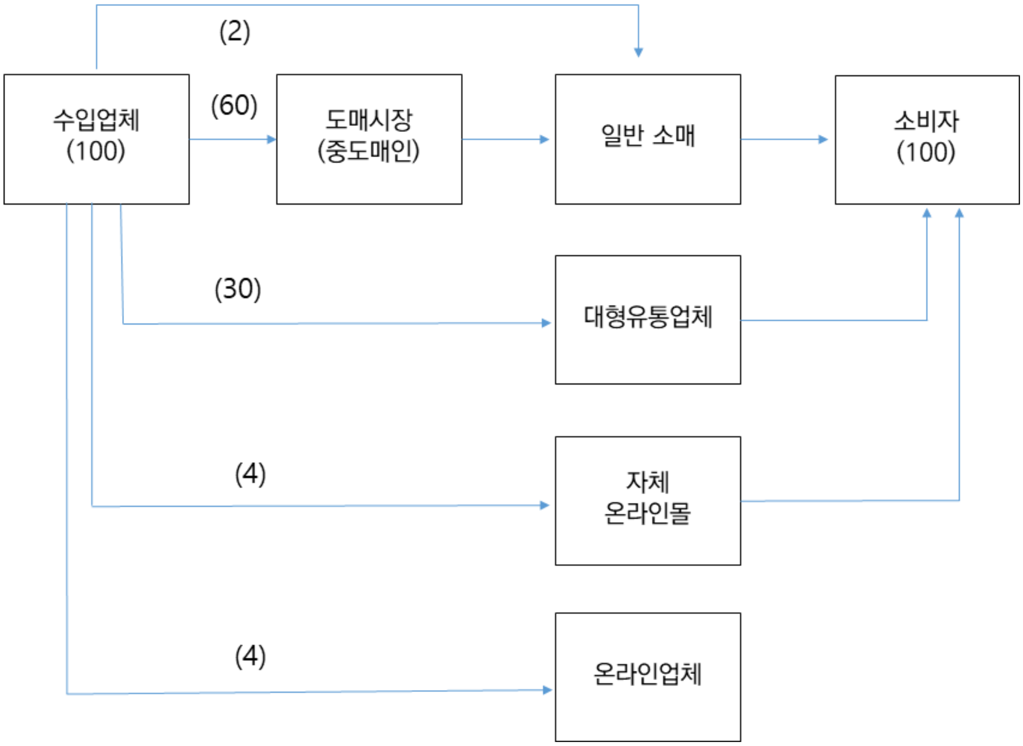
☐ **Domestic Distribution Channel**

○ Vietnamese coconuts are distributed about 60% from importers to wholesale markets and 30% to large distributors.

○ It is then redistributed to small and medium-sized marts through the wholesale market, and it is popular among foreigners in the market, such as the Ansan wholesale market.

○ Online sales are also active through independent online malls or online malls operated by importers.

(Unit: %)



Source : Prepared by the research team

Fig. 37. Distribution Channel of Imported Coconuts from Vietnam (2019)

d. Evaluation and Opinion on Distribution Channel

a) Importers

☐ **Distribution Status**

◯ As of 2019, nine companies imported coconuts from Vietnam and the total import volume of Vietnamese coconuts was 2,393 tons.

◯ Of these, three companies handled more than 87% of the total volume.

☐ **Key Opinions**

① **Marketability of Coconuts**

◯ Coconut has few appeal points (taste, nutrition, etc.) for Korean consumers, and it is not convenient to cut and eat, so there will be a limit to further growth in the Korean market.

○ To increase the convenience of consumption, there has been an effort to sell coconuts as a ready-to-eat product. However, there is still a limitation due to storage issues as it must be distributed in a refrigerated state.

○ Previously, it was sold as an event at major beaches during the summer season, but now it no longer operates.

○ Coconut is a niche fruit and is sensitive to demand due to its small market. The price will fall if there is more import.

○ The recent prices of Vietnamese coconuts are relatively good compared to those of other countries.

② Type of Coconuts

○ Coconut comes in two forms: old coconut and young coconut.

○ 50% of old coconuts (fresh whole products with hard coconut shells) and 50% of young coconuts (products with white skin cut from less grown coconuts).

③ Transport Method of Coconuts

○ Coconuts rarely spoil during transport, and most are transported by sea.

b) Wholesales

□ Distribution Status

○ It is difficult to determine the exact amount of coconut imported in the Korean wholesale market.

□ Key Opinions

○ Coconut is a challenging market because it has no appeal points to Korean consumers.

○ Coconut has a problem of disposing of waste in its shell after consumption, and it is not the taste that Korean consumers prefer.

○ Coconuts are brought in throughout the year, but the volume is mainly concentrated in summer.

○ As there is no way to know when coconuts were imported, there are uncertainties about the safety issues from the consumers' perspective.

◯ Foreigners residing in Ansan consume many tropical fruits, and there is a high demand for coconuts.

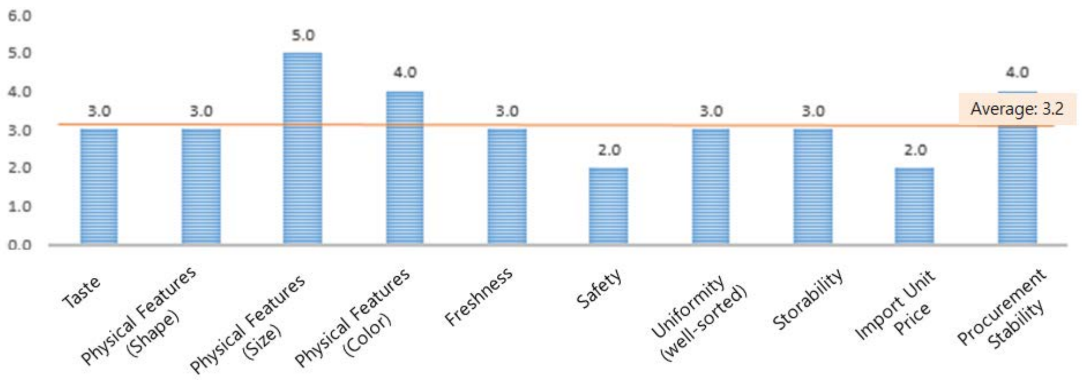
c) Retails

☐ Distribution Status

◯ In the Korean retail market, the demand for coconuts, like dragon fruits, has substantially decreased since 2015. Coconuts are sold as an additional assortment in large retail stores.

☐ Evaluation

◯ The average total score at the retail level was 3.2 and the areas of taste (3.0), physical features (shape) (3.0), freshness (3.0), safety (2.0), uniformity(well-sorted) (3.0), storage (3.0), import unit price (2.0) were evaluated lower than the average.



※ Scored between 0 and 5
Source : Prepared by the research team

Fig. 38. Evaluation of Vietnam Coconut at the Retail Stage

☐ Key Opinions

◯ In the Korean coconut market, it is difficult to differentiate country by country, and competition can be fierce.

◯ Korean consumers think the price is high compared to its appeal.

◯ Because the coconut market size is small, it will not be easy to enter the market and expand the supply.

6. Frozen Mango

a. Market Trend

○ Frozen fruits in the Korean market were strong as a substitute for fresh fruits in the early stages of market formation.
  - When the price of fresh fruit rises due to climate conditions or economic downturn, the demand for frozen fruit, as a substitute, increases.

○ Recently, as fruit juice specialty shops have expanded, the use of raw ingredients has increased. Besides, as the buffet and group meal markets have grown, the demand for frozen fruits is also increasing.

○ In the frozen fruit market, the dominant fruits are blueberries, mangoes, pineapples, strawberries, and avocados. Recently, items such as peaches and cherries are introduced.

○ The frozen fruit market can be largely divided into B2B and B2C. In the B2B market, frozen fruits are used for making juice, salad, and providing group meals. In the B2B market, middle and lower products are more traded rather than upper products.

○ B2C markets include large retail stores, convenience stores, and online shopping malls. Besides, those fruits are upper quality in the form of ready-to-eat products.

b. Product Trend

○ Frozen mango is popular as a substitute for ice cream.

○ Frozen mango bars enjoy a good market response for the convenience of consumption.

Product Image			
Country of Origin	Vietnam	Peru	Vietnam
Brand	Twice Carefully Selected Sweet Mango	Frozen Apple Mange	Sweet Mango Half Cut
Specification	1.3kg	1kg	1kg
Price	13,800 won	5,980 won	8,980 won
Product Image			
Country of Origin	Vietnam	Vietnam	Vietnam
Brand	Sulbing	Jayeonwon	Dole
Specification	Stick 60g×15 Sliced 120g×5	Stick/Per Pack 80g x 5	1kg/Per Pack
Price	29,600 won	9,500 won	7,990 won

Source: Emart Online Shop. Homeplus Online Shop

Fig. 39. Trends in Frozen Mango Products

c. Distribution Channel

☐ Customs Clearance after Import

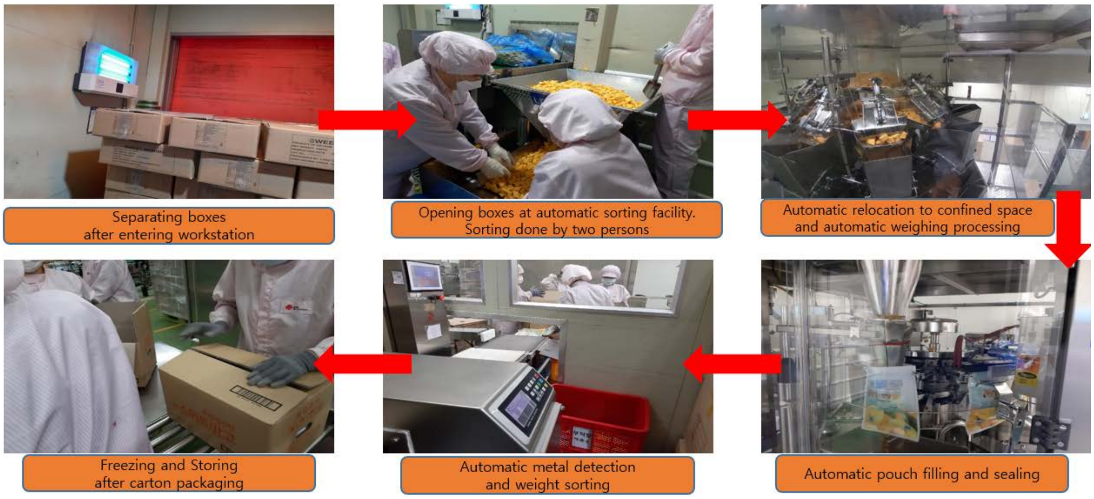
○ Imported frozen mangoes are stored in a bonded warehouse (refrigerated warehouse) after entering the port, and then undergo quarantine, inspection, and customs clearance procedures.

- Under the 『Plant Protection Act』, it is advised to report to the head of plant quarantine agency, undergo quarantine by a plant quarantine officer, and go through food quarantine by the Ministry of Food and Drug Safety under the 『Food Sanitation Act』.
- Vietnamese mangoes that meet the quality and conditions ordered by a Korean company are washed, cut into small sizes, frozen, and exported in bulk.
- For customs clearance and quarantine, it generally takes about 3 to 5 days.
- In the case of plant quarantine, a random sample test of about 90 to 108 boxes is conducted. As for food inspection, when the initial quantity is imported, a comprehensive test such as a pesticide residue test is performed.

○ After customs clearance approval, mango is moved into the warehouse and sorting facility owned by the importer.

○ The sorting process is as follows:
- Manual removal of foreign substances (mango worms, fibers, twigs, etc.) at automatic sorting facility→ automatic weighing → automatic pouch filling and sealing → automatic metal detection and weight sorting → freezing and storing after packaging

○ Afterwards, products are distributed according to vendor’s order request.



Source : Prepared by the research team

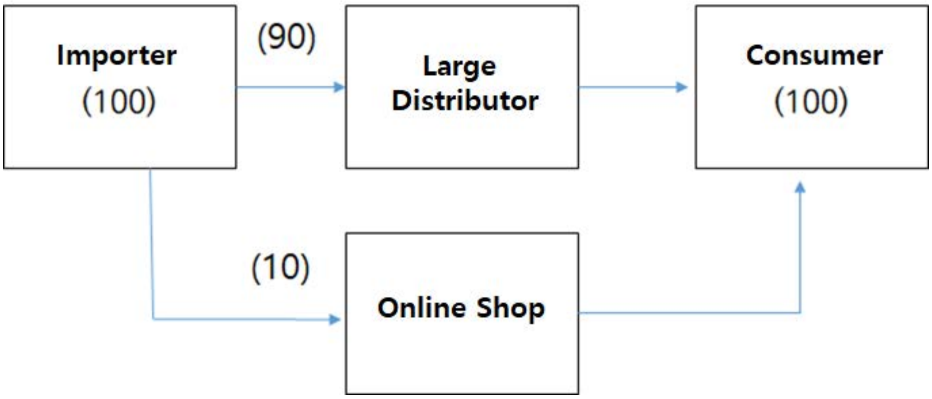
Fig. 40. Frozen Mango Sorting Process

☐ **Domestic Distribution Channel**

◯ Vietnamese mangoes are distributed about 90% from importers to large distributors and 10% to online shopping malls.

◯ Online sales are also active, including online malls directly operated by importers and independent online shopping malls.

(Unit: %)



Note: The distribution channel is centered on companies operating B2C business, but some companies running B2B business are also included.
Source : Prepared by the research team

Fig. 41. Distribution Channel of Imported Frozen Mango from Vietnam (2019)

d. Evaluation and Opinion on Distribution Channel

a) Importers

☐ **Distribution Status**

◯ As of 2019, Vietnamese frozen mangoes were imported from about 46 companies and are distributed through various importers compared to other fruits.

◯ There are about five major companies that are fixedly distributed to large distributors. The rests are small and medium-sized importers that distribute to food ingredients-related businesses and online.

☐ **Key Opinions**

① **Market Outlook**

◯ The frozen fruit market was stagnant until last year, but as the early morning delivery market expanded from the second half of last year, the frozen fruit market also grew. In particular, sales are growing rapidly as people stay at home due to Corona 19 this year.

② Type of Business

○ There are two types of frozen fruit importers in Korea.
- 1) Importer of finished frozen mango products after local processing/sorting/packaging (direct sourcing)
- 2) Importer of raw frozen mango products in bulk then selling after sorting/packaging

○ Besides, some importers mainly deal with retailers, while others deal with processors for wholesales and retails (in the case of food supplies, some companies handle separately).

③ Evaluation of Vietnamese Frozen Mango

○ Vietnamese frozen mango has advantages in price competitiveness and logistics.

○ Vietnamese gold Mango varieties are high in demand in Korea because of their excellent taste and texture.

○ The quality varies but there are plenty of companies that provide good quality frozen mango.

○ Vietnamese companies have a fairly good hygienic standard and are considered reliable business partners. Also, labor costs are relatively inexpensive in Vietnam.

④ Impact of COVID-19

○ The supply was temporarily suspended due to the COVID-19, and the supply situation was worse than in other countries.

⑤ Limitations in Delivery Capacity

○ To export more Vietnamese mangoes, it is necessary to monitor and utilize regional mango items' cultivation cycle. Mango is harvested twice a year (once in spring and once in autumn), but in Vietnam, weather and regional variations are large, causing long-term delays compared to other countries (two to three weeks in other countries). More than one month in Vietnam).

b) Retails

□ Distribution Status

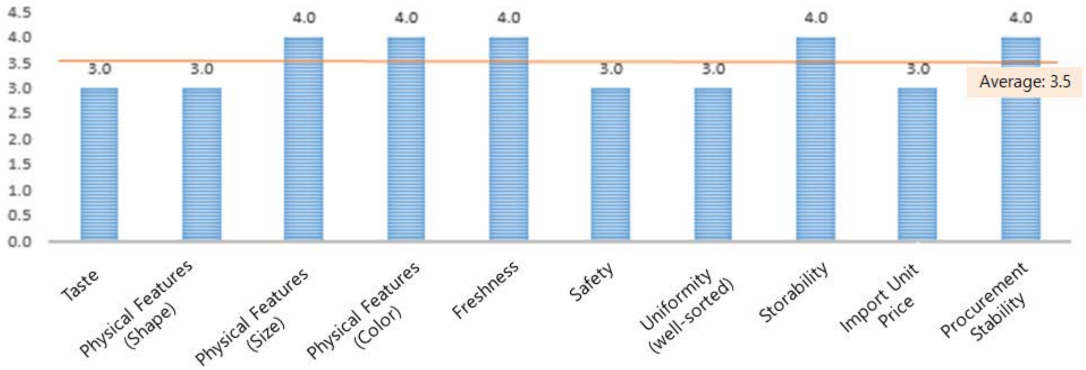
○ In the Korean retail market, the frozen fruit market is showing a large growth trend, and frozen mango is becoming one of the most popular items.

Source : Prepared by the research team

Fig. 42. Frozen Fruit Showcase at Emart

□ Evaluation

○ The average total score at the retail level was 3.5 and the areas of taste (3.0), physical features (shape) (3.0), freshness (3.0), uniformity(well-sorted) (3.0), import unit price (3.0) were evaluated lower than the average.



※ Scored between 0 and 5

Source : Prepared by the research team

Fig. 43. Evaluation of Vietnam Frozen Mango at the Retail Stage

□ Key Opinions

① Development of New Product and Promotion

○ It is necessary to develop new varieties and signature products related to Vietnamese frozen mangoes.

○ Consumers tend to repurchase frozen mangoes with the previous purchase experience. There is a need for a strategy to induce purchases for customers with no purchase experience as well.

○ There is a need for new products that consumers may be interested in and for strategies to foster promotion.

② Specialized Marketing

○ Based on the variety of frozen mango products, it is necessary to create and promote a dedicated zone for the products.

Chapter 5

Survey on Korean Consumers' Consumption Behavior of Imported Fruits and Perception of Vietnamese Fruits

Chapter 5 Survey on Korean Consumers' Consumption Behavior of Imported Fruits and Perception of Vietnamese Fruits

Section 1. Korean Consumers' Consumption Behavior of Imported Fruits

1. Fruit Consumption Status

a. Total Fruit Consumption

○ The annual consumption of fruit per capita in Korea was 57.5kg as of 2018. Since it reached a peak of 68kg in 2007, it has recently maintained around 60kg.
- In 2018, both production and consumption decreased.

Table 49. Annual Fruit Consumption per Capita

(Unit: ㎏)

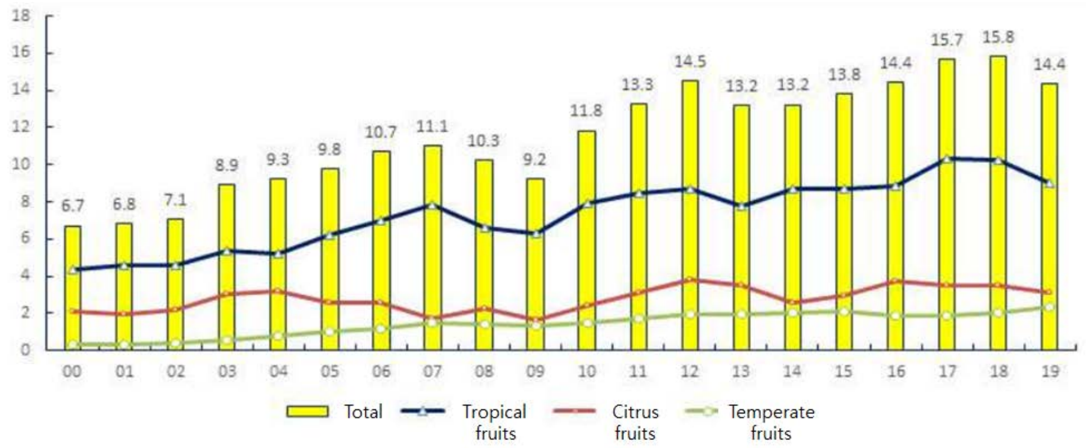
	2000	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018
Fruit Consumption per Capita	58.4	62.6	57.6	58.1	57.9	59.6	61.8	59.8	60.6	61.2	57.5

Source: Ministry of Agriculture, Food and Rural Affairs, 「Major Statistics of Agricultural and Livestock Products (Per Annum)」

b. Imported Fruits

○ Thanks to diversified imported fruits and increasing imports after FTAs, the annual consumption of imported fruits per capita in Korea has increased by 9% on an annual average from 6.7kg in 2000 to 14.4kg in 2019.

(Unit: ㎏)



Note: Consumption per Person = The total volume of import/population
Source: Korea International Trade Association, Ministry of Agriculture, Food and Rural Affairs, 「Major Statistics of Agricultural and Livestock Products (Per Annum)」
Source: Korea Rural Economic Institute, 「Agriculture Outlook 2020」

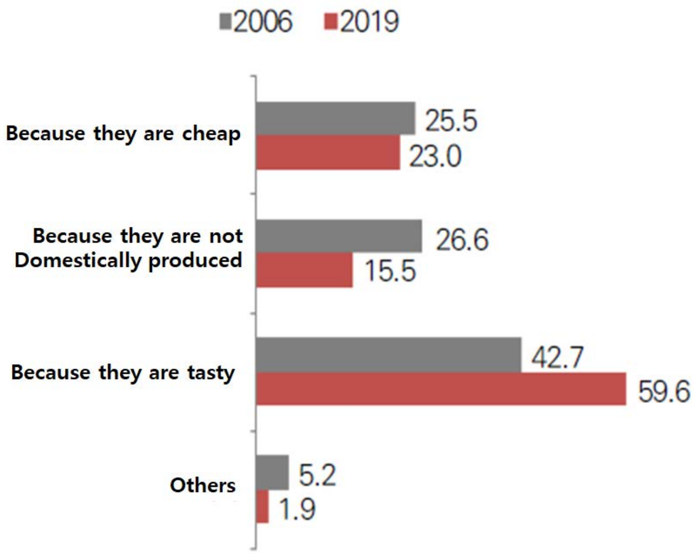
Fig. 44. Annual Consumption of Imported Fruits per Capita

2. Reasons for Consuming Imported Fruits

○ Compared to 2006, the reason for consuming imported fruits has changed significantly in recent years.

○ According to Korea Agriculture and Fisheries Food Distribution Corporation, Korean consumers bought imported fruits 'because they are tasty (42.7%)' and 'because they are cheap (25.5%)' On the other hand, in a 2019 survey by Korea Rural Economic Institute, the rate of the answer 'because they are tasty (59.6%)' rose by 16.9%p and the rate of the answer 'because they are cheap (23.0%)' dropped by 2.5%p.

○ Compared to 2006, the proportion of the answer 'because they are not domestically produced' has decreased due to changes in the imported fruit items over the past decades. However, the expectation for taste has become higher.



Source: Korea Agro-Fisheries & Food Trade Corp. (2006). 「Consumption Patterns of Major Fruits」
Korea Rural Economic Institute. (2019) 「Increase in Imports, Changes in Supply and Demand For Fruits and Vegetables and Consumption Behavior」

Fig. 45. Reasons for Consuming Imported Fruits (compared between 2006 and 2019)

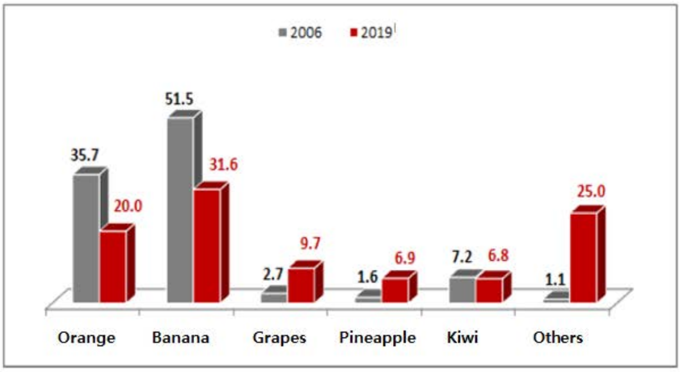
3. Preferred Imported Fruits

○ There have also been changes in imported fruit items that Korean consumers prefer.

○ Bananas and oranges, which were representative of imported fruits, declined in preference, while new items such as grapefruit, mango, cherries, and avocado appeared.

○ In particular, bananas, which were the most popular imported fruit, decreased by 19.9%p from 51.5% in 2006 to 31.6% in 2019. Pineapples also declined by 15.7%p from 35.7% to 20.0%.

<Comparison between 2016 and 2019>



Survey results in 2019		
Fruits		Preference(%)
Banana		31.6
Pineapple		6.9
Orange		20.0
Grapes		9.7
Kiwi		6.8
Others		25.0
	Grapefruit	2.8
	Mango	7.7
	Cherries	9.6
	Pomegranate	1.9
	Avocado	3.0

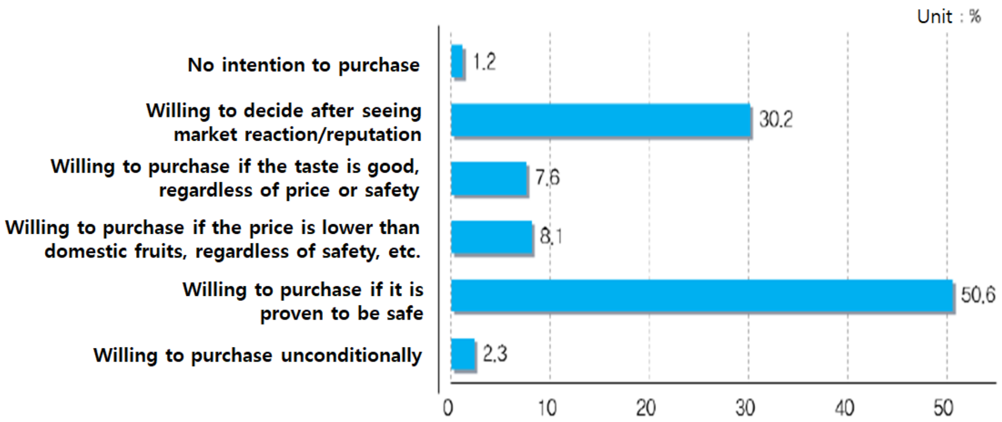
Source: Korea Agro-Fisheries & Food Trade Corp. (2006) 「Consumption Patterns of Major Fruits」
Korea Rural Economic Institute. (2019) 「Increase in Imports, Changes in Supply and Demand For Fruits and Vegetables and Consumption Behavior」

Fig. 46. Preferred Imported Fruits (compared between 2006 and 2019)

4. Demand for New Imported Fruits

○ Korean consumers are showing strong demand for new imported fruits.

○ 50.6% of consumers answered that they are "willing to purchase new imported fruits if it is proven to be safe," and only 1.2% of consumers responded with "no intention to purchase," indicating that there are expectations for new products and varieties in the future.



Source: Korea Rural Economic Institute. (2019) 「Increase in Imports, Changes in Supply and Demand For Fruits and Vegetables and Consumption Behavior」

Fig. 47. Intention to Consume New Imported Fruits

5. Demand for Convenience Food

○ The demand for convenience and simplicity in food consumption is greatly expanding in Korea.

○ According to the Korea Agricultural and Fishery Food Distribution Corporation, the domestic convenience food market reached 4 trillion won last year and is expected to exceed 5 trillion won by 2022.

○ Due to Corona 19, it is possible to predict that the demand for convenience food in 2020 will lead to growth and show a higher growth rate than expected.

□ Demand for Convenience Fruits

○ According to Korea Rural Economic Institute(○ Trends in the Fresh Convenience Food Market and Its Challenges, 2019)), the convenience fruit and vegetable market expanded from 808.9 billion won in 2018 to 936.4 billion won in 2019, and in this year, it is expected to continue to grow to 1.13 trillion won, an increase of 21.4% from the previous year.

○ As a result of a survey of 600 consumers, 70.2% of respondents had purchasing experience. Most of the respondents were women, residents of the metropolitan area, people in the age group of the 20s to 30s, single-person households, unmarried, college graduates, and above. The survey result implied the higher the monthly average household income, the higher the response was that they had purchasing experience.

○ The primary fresh fruits used for convenience fruits was pineapple, which was produced most with 5,198 tons, followed by mixed fruits (1,708 tons), sliced apples (455 tons), sliced melons (372 tons), sliced pears (159 tons), and sliced watermelon (150 tons).
- In general, pineapple is considered the representative product of convenience fruit, which is the widely used item in single or mixed products.

□ Demand for Processed Tropical Fruits

○ According to data from the Rural Economic Institute's Consumer Panel, the purchase amount of processed fruits in 2018 grew significantly compared to 2015.

○ In 2015, the total purchase amount of processed fruits per household was 26,902 won, but in 2018 it was 37,078 won, an increase of 37.8%.

○ The percentage of purchasing processed tropical fruits increased by 5%p from 10% in 2015 to 15% in 2018.

Section 2. Korean Consumers' Perception of Vietnamese Fruits

1. Overview of Consumer Survey

a. Survey Participants and Method

◯ This survey was conducted to identify the impression and purchase intention of Vietnamese fruits based on the consumption experience of imported fruits and utilize to establish strategies for entering the Korean market in the future.

◯ The survey was conducted for a day on August 29, 2020, and the survey targeted 300 consumers with experience in purchasing imported fruits.

◯ An online survey was chosen with a structured questionnaire.

◯ The survey was composed of 54 questions in 5 categories, and OpenSurvey, as a professional online surveyor, conducted the survey.

Table 50. Overview of Consumer Survey

	Details
Fruits	Fresh(Banana, Pineapple, Mango, Coconut, dragon fruit), Frozen(Mango)
Participants	300 consumers who have experienced purchasing imported fruits
Sample Error	±5.66%p at 95% confidence level
Sampling	Proportional sampling by age group among the participants
Survey Period	August 29. 2020
Survey Method	Online survey was chosen with a structured questionnaire.
Surveyor	Opensurvey

Source : Prepared by the research team

b. Limitations of Survey

◯ Given the Vietnamese current market situation in Korea, this survey targeted those who previously purchased imported fruits, not those who had purchase experience of Vietnamese fruits.

◯ Vietnamese bananas and pineapples are currently not sold in Korea. Even Vietnamese mangoes, dragon fruits, coconuts and frozen mangoes are sold, consumers do not purchase them with the awareness of the importing country at the distribution stage.

◯ Therefore, the questionnaire focused on the preference for imported fruits itself, preference for Vietnam, and purchase intention.

2. Purchasing Experience and Preferences

a. Purchasing Experience

◯ The results showed consumers previously purchased bananas (98.0%), pineapples (88.7%), and mangoes (84.0%).
- Consumers had relatively low purchasing experience of dragon fruits (30.0%) and coconuts (16.7%).
- The purchase experience rate of frozen mango was relatively high at 71.0%. This was due to the recent growth of the frozen fruit market and the launch of various products that can be easily accessible in convenience stores, etc.

◯ The purchasing experience rate of mango and dragon fruit was relatively high in the age group over 50. The purchasing experience rate of frozen mango was higher in the lower age groups.

Table 51. Imported Fruits Purchasing Experience

(Unit: %)

Fruit	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Banana	98.0	96.0	98.7	97.3	100.0
Pineapple	88.7	85.3	92.0	85.3	92.0
Coconut	16.7	18.7	8.0	20.0	20.0
Mango	84.0	84.0	82.7	81.3	88.0
Dragon fruit	30.0	29.3	28.0	22.7	40.0
Frozen Mango	71.0	78.7	73.3	77.3	54.7
Number of total respondents	300	75	75	75	75

Source : Prepared by the research team

b. Preference

□ Total

◯ The survey indicated mango was the most preferred fruit (4.41), followed by banana (4.07), pineapple (3.93), and frozen mango (3.46).
- Coconut (2.82) and Dragon fruit (2.98) scored lower than average

◯ In particular, 89% of the respondents answered they strongly like/like mango, showing a distinct preference compared to other items.

Table 52. Fruit Preference (Aggregated)

(Unit: %)

Level of Preference	Banana	Pineapple	Coconut	Mango	Dragon fruit	Frozen Mango
Strongly dislike	0.3	0.3	9.7	0.3	10.3	4.7
Dislike	1.3	2.7	20.7	1.7	18.3	8.7
Neither dislike nor like	23.0	27.3	53.3	9.0	42.3	36.3
Like	41.7	43.0	11.0	34.7	20.7	36.7
Strongly like	33.7	26.7	5.3	54.3	8.3	13.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
Average Score (Max. point : 5)	4.07	3.93	2.82	4.41	2.98	3.46

Note : Strongly dislike (1 point), Dislike (2 points), Neither dislike nor like (3 points), Like (4 points), Strongly like (5 points)
Source : Prepared by the research team

□ Banana

◯ Banana was preferred most by the age group between 30 and 39 years old. Since most people in the age group are in parenthood, it is assumed their preference increases as children intake the fruit.

Table 53. Preference by Fruit (Banana)

(Unit: %)

Level of Preference	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly dislike	0.3	1.3	0.0	0.0	0.0
Dislike	1.3	2.7	0.0	1.3	1.3

Level of Preference	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Neither dislike nor like	23.0	17.3	21.3	33.3	20.0
Like	41.7	44.0	37.3	40.0	45.3
Strongly like	33.7	34.7	41.3	25.3	33.3
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max. point : 5)	4.07	4.08	4.20	3.89	4.11

Note : Strongly dislike (1 point), Dislike (2 points), Neither dislike nor like (3 points), Like (4 points), Strongly like (5 points)

Source : Prepared by the research team

☐ Pineapple

◯ Pineapple was preferred most by the age group between 30 and 39 years old.

◯ Considering that the average of the overall positive evaluation (Strongly like + like) ratio was 69.7%, the proportion of people in the 20s (70.7%) and 30s (78.7%) was relatively higher than in the 40s (64.0%) and 50s (65.4%).

Table 54. Preference by Fruit (Pineapple)

(Unit: %)

Level of Preference	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly dislike	0.3	0.0	0.0	1.3	0.0
Dislike	2.7	4.0	1.3	2.7	2.7
Neither dislike nor like	27.3	25.3	20.0	32.0	32.0
Like	43.0	48.0	44.0	37.3	42.7
Strongly like	26.7	22.7	34.7	26.7	22.7
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max. point : 5)	3.93	3.89	4.12	3.85	3.85

Note : Strongly dislike (1 point), Dislike (2 points), Neither dislike nor like (3 points), Like (4 points), Strongly like (5 points)

Source : Prepared by the research team

□ Coconut

○ Coconut was preferred most by the age group of 20s and 50s.

○ Considering that the average of the overall positive evaluation (Strongly like+ like) ratio was 16.3%, there seemed to be few clear preferences for coconut.

○ The positive evaluation by age group was 20.0% in the 30s, 17.3% in the 20s, 14.6% in the 50s, and 13.3% in the 40s, indicating that the lower the age group, the higher the preference.

Table 55. Preference by Fruit (Coconut)

(Unit: %)

Level of Preference	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly dislike	9.7	8.0	10.7	13.3	6.7
Dislike	20.7	21.3	25.3	18.7	17.3
Neither dislike nor like	53.3	53.3	44.0	54.7	61.3
Like	11.0	8.0	14.7	12.0	9.3
Strongly like	5.3	9.3	5.3	1.3	5.3
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max. Point : 5)	2.82	2.89	2.79	2.69	2.89

Note : Strongly dislike (1 point), Dislike (2 points), Neither dislike nor like (3 points), Like (4 points), Strongly like (5 points)
Source : Prepared by the research team

□ Mango

○ Overall, mango was popular among all the age groups.

○ Considering that the average of the overall positive evaluation (Strongly like + like) ratio was 89.0%, the age group 50s (92.0%) and 20s (90.7%) showed higher preference than the 30s (89.4%) and 40s (84.0%).

○ Even the age group of the 50s showed low negative ratings(Strongly dislike + dislike) at 1.3%, suggesting a high preference for mangoes in all age groups.

Table 56. Preference by Fruit (Mango)

(Unit: %)

Level of Preference	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly dislike	0.3	0.0	1.3	0.0	0.0
Dislike	1.7	1.3	1.3	2.7	1.3
Neither dislike nor like	9.0	8.0	8.0	13.3	6.7
Like	34.7	26.7	30.7	42.7	38.7
Strongly like	54.3	64.0	58.7	41.3	53.3
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max. point: 5)	4.41	4.53	4.44	4.23	4.44

Note : Strongly dislike (1 point), Dislike (2 points), Neither dislike nor like (3 points), Like (4 points), Strongly like (5 points)

Source : Prepared by the research team

☐ Dragon fruit

○ Dragon fruit was preferred most by the age group of 20s and 50s.

○ Considering that the average of the overall positive evaluation (Strongly like + like) ratio was 29.0%, there was no obvious preference like coconut.

○ The positive evaluation by age group was 37.4% in the 50s, 33.4% in the 20s, 22.7% in the 40s, and 22.6% in the 30s.

Table 57. Preference by Fruit (Dragon fruit)

(Unit: %)

Level of Preference	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly dislike	10.3	4.0	9.3	21.3	6.7
Dislike	18.3	16.0	17.3	22.7	17.3
Neither dislike nor like	42.3	46.7	50.7	33.3	38.7
Like	20.7	22.7	17.3	20.0	22.7
Strongly like	8.3	10.7	5.3	2.7	14.7
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	2.98	3.20	2.92	2.60	3.21

Note : Strongly dislike (1 point), Dislike (2 points), Neither dislike nor like (3 points), Like (4 points), Strongly like (5 points)

Source : Prepared by the research team

□ Frozen Mango

○ Frozen was preferred most by the age group of 20s.

○ The average of the overall positive evaluation (Strongly like + like) was 50.4%, 58.7% from the 20s, 50.7% from the 50s, 49.3% from the 40s, and 42.7% from the 30s.

○ However, the ratio of negative evaluations (Strongly dislike + dislike) was 13.4% on average. The ratio of those in the 40s (17.3%) and 50s (20.0%) was high, indicating that the preference for frozen fruits differed by age group.

Table 58. Preference by Fruit (Frozen Mango)

(Unit: %)

Level of Preference	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly dislike	4.7	4.0	2.7	5.3	6.7
Dislike	8.7	5.3	4.0	12.0	13.3
Neither dislike nor like	36.3	32.0	50.7	33.3	29.3
Like	36.7	36.0	38.7	36.0	36.0
Strongly like	13.7	22.7	4.0	13.3	14.7
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.46	3.68	3.37	3.40	3.39

Note : Strongly dislike (1 point), Dislike (2 points), Neither dislike nor like (3 points), Like (4 points), Strongly like (5 points)
Source : Prepared by the research team

3. Safety

○ The higher the age group, the higher the level of interest in the safety of imported fruits.

○ The response rate of low interest (Extremely low + low) in the twenties was relatively high compared to other age groups.

Table 59. Degree of Interest in Safety of Imported Fruits

(Unit: %)

Degree of Interest	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Extremely low	2.7	2.7	2.7	1.3	4.0
low	5.0	12.0	0.0	6.7	1.3
Moderate	46.3	40.0	52.0	46.7	46.7
high	34.0	32.0	37.3	34.7	32.0
Extremely high	12.0	13.3	8.0	10.7	16.0
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.48	3.41	3.48	3.47	3.55

Note : Extremely low (1 point), Low (2 points), Moderate (3 points), High (4 points), Extremely high (5 points)
Source : Prepared by the research team

- ◯ Only 38.7% of consumers answered the safety of imported fruits was reliable.
- ◯ The degree of reliability in the 20s was 50.7%, which was significantly higher than those in the 50s (42.7%), 30s (36.0%), and 40s (25.3%).

Table 60. Degree of Reliability in Safety of Imported Fruits

(Unit: %)

Degree of Reliability	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Extremely low	0.3	0.0	1.3	0.0	0.0
low	6.3	4.0	8.0	5.3	8.0
Moderate	54.7	45.3	54.7	69.3	49.3
high	35.0	46.7	33.3	25.3	34.7
Extremely high	3.7	4.0	2.7	0.0	8.0
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.35	3.51	3.28	3.20	3.43

Note : Extremely low (1 point), Low (2 points), Moderate (3 points), High (4 points), Extremely high (5 points)
Source : Prepared by the research team

4. Impression of Vietnamese Fruits

◯ Impression of Vietnamese fruit was evaluated presenting various statements as parameters.

◯ The statement ‘Vietnamese fruits would be fresh (3.38)’, ‘Vietnamese fruits would give a friendly impression (3.29)’received the highest scores.
- On the other hand, ‘Vietnamese fruit would give a luxurious impression (2.52 points)' received the lowest rating.

◯ In terms of quality, the statement ‘Vietnam fruits would be of good quality compared to other countries’ scored 2.93 and ‘Vietnamese fruits would be of the same quality even if they are purchased multiple times’ scored 2.98.

Table 61. Impression of Vietnamese Fruits (Aggregated)

(Unit: %)

Statement	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly Agree	Ratio	Average Score (Max point : 5)
Vietnamese fruits would be fresh	0.3	10.0	46.3	38.0	5.3	100.0	3.38
Vietnamese fruits would be safe	0.7	16.0	57.3	23.7	2.3	100.0	3.11
Vietnamese fruits would be honest	3.3	17.0	59.0	18.7	2.0	100.0	2.99
Vietnamese fruits would give a friendly impression	1.7	14.7	42.0	36.3	5.3	100.0	3.29
Vietnamese fruits would give a luxurious impression	11.7	36.0	41.7	10.0	0.7	100.0	2.52
Vietnam fruits would be of good quality compared to other countries.	4.3	21.7	53.3	18.3	2.3	100.0	2.93
Vietnamese fruits would be of the same quality even if they are purchased multiple times.	4.3	20.3	49.3	25.3	0.7	100.0	2.98
Vietnamese fruit would have a relatively favorable quality.	2.0	14.0	51.7	30.7	1.7	100.0	3.16

Statement	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly Agree	Ratio	Average Score (Max point : 5)
Vietnamese fruit would have a reliable quality	2.0	15.3	58.0	24.0	0.7	100.0	3.06

Note : Strongly disagree (1 point), Disagree (2 points), Neither disagree nor agree (3 points), Agree (4 points), Strongly agree (5 points)
Source : Prepared by the research team

5. Preference of Vietnamese Fruits

◯ Assuming actual purchase, the survey examined the preference of fruits by linking its origin(e.g., Vietnam). The result indicated Vietnamese mango (3.70) was the highest, followed by Vietnamese pineapple (3.30) and Vietnamese dragon fruit (3.18) in terms of preference.

◯ The most preferred fruit (Strongly like+like) was Vietnamese mango (64.0%), whereas the least preferred fruit was Vietnamese banana (28.7%).

◯ When the country of origin was not indicated, the preference for frozen mango was fairly high, but the preference for Vietnamese frozen mango was relatively weak (Strongly dislike + dislike: 22.3%)

Table 62. Level of Preference of Vietnamese Fruits under the Assumption of Purchase (by fruit)

(Unit: %)

Fruit	Strongly dislike	dislike	Neither dislike nor like	like	Strongly like	Ratio (%)	Average Score (Max point : 5)
Banana	3.7	15.3	52.3	26.0	2.7	100.0	3.09
Mango	1.7	7.0	27.3	47.3	16.7	100.0	3.70
Pineapple	2.3	12.0	45.7	33.3	6.7	100.0	3.30
Dragon fruit	4.0	15.0	47.3	26.3	7.3	100.0	3.18
Coconut	6.7	14.0	51.0	25.0	3.3	100.0	3.04
Frozen Mango	6.0	16.3	45.3	26.0	6.3	100.0	3.10

Note : Strongly dislike (1 point), Dislike (2 points), Neither dislike nor like (3 points), Like (4 points), Strongly like (5 points)
Source : Prepared by the research team

6. Intention to Purchase Vietnamese Fruits

☐ Total

◯ 62.3% of the respondents answered ‘they are willing to purchase Vietnamese fruits’.

◯ By age group, purchase intentions were more pronounced in the 20s and 30s than in the 40s and 50s.

Table 63. Intention to Purchase Vietnamese Fruits

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	1.7	0.0	0.0	5.3	1.3
Unlikely	6.7	5.3	6.7	6.7	8.0
Neither unlikely nor likely	29.3	25.3	21.3	40.0	30.7
likely	48.0	49.3	56.0	41.3	45.3
Strongly likely	14.3	20.0	16.0	6.7	14.7
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.67	3.84	3.81	3.37	3.64

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)

Source : Prepared by the research team

☐ Intention to Pay

◯ When the price was higher than in other countries, only 8.3% of respondents answered ‘they are willing to purchase Vietnamese fruits.’

◯ Although 62.3% showed their intention to purchase Vietnamese fruits, it was confirmed that there was no intention to pay additionally if the price was higher than in other countries.

Table 64. Intention to Purchase Vietnamese Fruits(when the price is higher than other countries)

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	17.3	18.7	18.7	24.0	8.0
Unlikely	38.7	52.0	42.7	29.3	30.7
Neither unlikely nor likely	35.7	25.3	32.0	38.7	46.7
likely	8.0	4.0	5.3	8.0	14.7
Strongly likely	0.3	0.0	1.3	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	2.35	2.15	2.28	2.31	2.68

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)

Source : Prepared by the research team

○ When provided a specific price (1.2 times higher than others), the response rate of 'Yes' was 10.0%, which implied there is little intention to pay more.
- Willing to pay more even the price is higher than other countries' products: 8.3%
- Willing to pay even the price is 1.2 times higher than other countries' products.: 10.0%

Table 65. Intention to Purchase Vietnamese Fruits (when the price is 1.2 times higher than other countries)

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	20.3	25.3	22.7	22.7	10.7
Unlikely	40.0	44.0	49.3	38.7	28.0
Neither unlikely nor likely	29.7	25.3	22.7	28.0	42.7
likely	9.0	4.0	4.0	10.7	17.3
Strongly likely	1.0	1.3	1.3	0.0	1.3
Total	100.0	100.0	100.0	100.0	100.0

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Average	2.30	2.12	2.12	2.27	2.71

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)
Source : Prepared by the research team

☐ Purchase Intention by Fruit

○ Assuming actual purchase, the survey examined the purchase intention of Vietnamese fruits.

○ The survey showed consumers had a strong intention to purchase mango and pineapple, where they had a weak intention to purchase dragon fruit and coconut.

Table 66. Intention to Purchase Vietnamese Fruits (Aggregated)

(Unit: %)

Level of Intention	Ratio (%)	By Fruits Group (%)					
		Banana	Mango	Pineapple	Dragon fruit	Coconut	Frozen Mango
Strongly unlikely	1.7	2.0	1.0	1.0	8.7	9.3	8.3
Unlikely	6.7	10.3	8.0	10.7	17.7	17.3	14.3
Neither unlikely nor likely	29.3	48.0	27.7	41.7	44.7	53.0	43.3
likely	48.0	31.7	45.7	39.3	21.0	16.3	28.0
Strongly likely	14.3	8.0	17.7	7.3	8.0	4.0	6.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.67	3.33	3.71	3.41	3.02	2.88	3.09

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)
Source : Prepared by the research team

○ The age group of the 20s and 30s showed a high intention to purchase Vietnamese bananas with 52.0% and 41.4% respectively(Strongly likely+likely).

Table 67. Intention to Purchase Vietnamese Banana

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	2.0	1.3	2.7	2.7	1.3
Unlikely	10.3	8.0	6.7	16.0	10.7
Neither unlikely nor likely	48.0	38.7	49.3	54.7	49.3
likely	31.7	44.0	34.7	20.0	28.0
Strongly likely	8.0	8.0	6.7	6.7	10.7
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.33	3.49	3.36	3.12	3.36

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)
Source : Prepared by the research team

○ The age group of the 20s and 30s showed a high intention to purchase Vietnamese mango with 70.7.0% and 69.3% respectively (Strongly likely+likely).

Table 68. Intention to Purchase Vietnamese Mango

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	1.0	0.0	1.3	1.3	1.3
Unlikely	8.0	5.3	5.3	12.0	9.3
Neither unlikely nor likely	27.7	24.0	24.0	30.7	32.0
likely	45.7	46.7	52.0	44.0	40.0
Strongly likely	17.7	24.0	17.3	12.0	17.3
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.71	3.89	3.79	3.53	3.63

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)
Source : Prepared by the research team

○ The age group of the 30s and 20s showed a high intention to purchase Vietnamese pineapple with 54.7% and 52.0% respectively (Strongly likely+likely)

Table 69. Intention to Purchase Vietnamese Pineapple

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	1.0	0.0	1.3	1.3	1.3
Unlikely	10.7	8.0	5.3	17.3	12.0
Neither unlikely nor likely	41.7	40.0	38.7	44.0	44.0
likely	39.3	48.0	46.7	29.3	33.3
Strongly likely	7.3	4.0	8.0	8.0	9.3
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.41	3.48	3.55	3.25	3.37

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)
Source : Prepared by the research team

○ The age group of the 30s and 20s showed a high intention to purchase Vietnamese dragon fruit with 32.0% and 29.2% respectively (Strongly likely+likely).

Table 70. Intention to Purchase Vietnamese Dragon Fruit

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	8.7	1.3	10.7	16.0	6.7
Unlikely	17.7	18.7	12.0	21.3	18.7
Neither unlikely nor likely	44.7	50.7	45.3	36.0	46.7
likely	21.0	21.3	26.7	17.3	18.7
Strongly likely	8.0	8.0	5.3	9.3	9.3
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.02	3.16	3.04	2.83	3.05

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)
Source : Prepared by the research team

○ The age group of the 20s showed a high intention to purchase Vietnamese coconut with 25.3% respectively (Strongly likely+likely).

Table 71. Intention to Purchase Vietnamese Coconut

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	9.3	9.3	8.0	13.3	6.7
Unlikely	17.3	14.7	16.0	24.0	14.7
Neither unlikely nor likely	53.0	50.7	54.7	49.3	57.3
likely	16.3	21.3	16.0	9.3	18.7
Strongly likely	4.0	4.0	5.3	4.0	2.7
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	2.88	2.96	2.95	2.67	2.96

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)

Source : Prepared by the research team

○ The age group of the 20s showed a high intention to purchase Vietnamese frozen mango with 42.7%(Strongly likely+likely).

Table 72. Intention to Purchase Vietnamese Frozen Mango

(Unit: %)

Level of Intention	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Strongly unlikely	8.3	5.3	12.0	8.0	8.0
Unlikely	14.3	10.7	10.7	22.7	13.3
Neither unlikely nor likely	43.3	41.3	48.0	37.3	46.7
likely	28.0	34.7	26.7	24.0	26.7
Strongly likely	6.0	8.0	2.7	8.0	5.3
Total	100.0	100.0	100.0	100.0	100.0
Average Score (Max point : 5)	3.09	3.29	2.97	3.01	3.08

Note : Strongly unlikely (1 point), Unlikely (2 points), Neither unlikely nor likely (3 points), Likely (4 points), Strongly likely (5 points)

Source : Prepared by the research team

7. Preference of Fruits by Country

○ The survey examined preferred countries for each fruit based on the country of origin.

○ Since the survey mainly covered Vietnamese fruits, the response rates to Vietnam tended to be high. Therefore it is necessary to interpret the results with a careful approach.

○ Rather than interpreting this as a purchase intention for Vietnamese fruit, it should be interpreted as a preferred country associated with the fruit.

□ Banana

○ Regarding the combined preference of country and fruit, the survey indicated Philippine banana was preferred most(75%).

Table 73. Intention to Purchase Imported Banana by Country

(Unit: %)

Country of Origin	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Philippines	75.0	73.3	84.0	76.0	66.7
Ecuador	4.7	6.7	2.7	6.7	2.7
Guatemala	2.3	4.0	2.7	1.3	1.3
Peru	4.0	2.7	5.3	4.0	4.0
Vietnam	14.0	13.3	5.3	12.0	25.3
Total	100.0	100.0	100.0	100.0	100.0

Note: Since the survey mainly covered Vietnamese fruits, the intention to purchase Vietnamese banana tended to be somewhat high. Therefore it is necessary to interpret the results with a careful approach.
Source : Prepared by the research team

□ Mango

○ Regarding the combined preference of country and fruit, the survey indicated Thai mango (35.7%) and Philippine mango (25.7%) were preferred most.

Table 74. Intention to Purchase Imported Mango by Country

(Unit: %)

Country of Origin	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Thailand	35.7	34.7	42.7	36.0	29.3
Peru	3.0	5.3	0.0	2.7	4.0
Philippines	25.6	25.3	29.3	26.7	21.3
Vietnam	21.0	24.0	17.3	17.3	25.4
Taiwan	14.7	10.7	10.7	17.3	20.0
Total	100.0	100.0	100.0	100.0	100.0

Note: Since the survey mainly covered Vietnamese fruits, the intention to purchase Vietnamese mango tended to be somewhat high. Therefore it is necessary to interpret the results with a careful approach.
Source : Prepared by the research team

☐ Pineapple

○ Regarding the combined preference of country and fruit, the survey indicated Philippine pineapple was preferred most (39.7%).

Table 75. Intention to Purchase Imported Pineapple by Country

(Unit: %)

Country of Origin	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Philippines	39.7	33.3	45.3	40.0	40.0
Indonesia	11.3	5.3	13.3	16.0	10.7
Thailand	20.6	24.0	17.3	20.0	21.3
Costa Rica	6.7	8.1	9.3	2.7	6.7
Vietnam	21.7	29.3	14.8	21.3	21.3
Total	100.0	100.0	100.0	100.0	100.0

Note: Since the survey mainly covered Vietnamese fruits, the intention to purchase Vietnamese pineapple tended to be somewhat high. Therefore it is necessary to interpret the results with a careful approach.
Source : Prepared by the research team

☐ Coconut

○ Regarding the combined preference of country and fruit, the survey indicated preference of coconuts from Thailand (25.0%) and the Philippines (25.0%) were evenly distributed, indicating that certain countries' preference was low.

Table 76. Intention to Purchase Imported Coconut by Country

(Unit: %)

Country of Origin	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Thailand	25.0	26.7	30.7	20.0	22.7
Philippines	25.0	21.3	25.3	30.7	22.7
Vietnam	20.3	17.3	20.0	20.0	24.0
Indonesia	12.3	14.7	6.7	16.0	12.0
Malaysia	17.3	20.0	17.3	13.3	18.7
Total	100.0	100.0	100.0	100.0	100.0

Note: Since the survey mainly covered Vietnamese fruits, the intention to purchase Vietnamese coconut tended to be somewhat high. Therefore it is necessary to interpret the results with a careful approach.
Source : Prepared by the research team

☐ Frozen Mango

◯ Regarding the combined preference of country and fruit, the survey indicated Philippine frozen mango was preferred most (42.0%).

Table 77. Intention to Purchase Imported Frozen Mango by Country

(Unit: %)

Country of Origin	Ratio (%)	By Age Group (%)			
		20~29	30~39	40~49	50~59
Vietnam	29.0	36.0	20.0	24.0	36.0
Peru	5.7	4.0	5.3	8.0	5.3
Philippines	42.0	41.3	52.0	40.0	34.7
India	2.7	2.7	1.3	2.7	4.0
France	20.7	16.0	21.3	25.3	20.0
Total	100.0	100.0	100.0	100.0	100.0

Note: Since the survey mainly covered Vietnamese fruits, the intention to purchase Vietnamese frozen mango tended to be somewhat high. Therefore it is necessary to interpret the results with a careful approach.
Source : Prepared by the research team

Section 3. Survey Result on Perception

1. Survey Result on Perception

○ Consumers' purchasing experience of imported fruits was high in bananas (98.0%), pineapples (88.7%), mangoes (84.0%), and frozen mangoes (71.0%). On the other hand, consumers had low purchasing experience with dragon fruits (30.0%) and coconuts (16.7%).

○ The preference for each item was in the order of mango (4.41), banana (4.07), pineapple (3.93), and frozen mango (3.46).

○ The higher the age of consumers, the higher the level of interest in the safety of imported fruits.

○ Only 38.7% of respondents said they believed in the safety of imported fruits.

○ Impression on Vietnamese fruits was fresh and friendly, but the impression on quality compared to other countries was poorly evaluated.

○ The fruit that was preferred most (Strongly like + like) by linking the fruit and country was ‘Vietnamese mango (64.0%)', and the fruit that was preferred least was ‘Vietnamese banana (28.7%)'.

○ 62.3% of consumers answered that ‘they are willing to purchase imported fruits from Vietnam’. Still, only 8.3% of consumers said ‘they are willing to pay more’, which is interpreted as Vietnamese fruits are low-price positioned compared to other countries' fruits.

○ Consumers answered that they would purchase Vietnamese mango> pineapple> banana> frozen mango> dragon fruit> coconut in the order.

○ The highest intention to purchase by fruit and country: bananas from the Philippines, mangoes from Thailand, pineapples from the Philippines, coconuts from Thailand, and frozen mangoes from the Philippines.

Chapter 6

Case Study on Korea's Best Practices of Agricultural Product Export and Comparison of Export Support Projects between Korea and Vietnam

Chapter 6 Case Study on Korea's Best Practices of Agricultural Product Export and Comparison of Export Support Projects between Korea and Vietnam

Section 1. Case Study on Korea's Best Practice of Agricultural Product Export and Implications

1. Overview

○ Korea operates various agricultural product export support projects at the government level for the purpose of increasing farming household income, expanding export of agricultural products, and enhancing export competitiveness.

○ This chapter analyzes success factors by examining export cases in Korea, suggests the government's support, and introduces the actual export support projects in Korea.

2. Case Study

a. Importance of Safety and Quality Management: Maninsan Agricultural Cooperative Distribution Center (Ssam vegetables, etc.)[8)]

a) Case 1

○ The Geumsan area is the main mountain area for cultivating Chubu perilla leaves. Chubu perilla leaves are superior in quality to other regional products due to their thick leaves, dark colors, and unique flavors due to local conditions with a large daily temperature difference between day and night.

○ This company exports six agricultural products, including perilla leaves, green peppers, and courgettes, procured from 250 nearby farms to Japan, the United States, Canada, and Singapore.

8) Rural Development Administration 2018 Agri-food Export Agriculture Best Practices https://www.nongsaro.go.kr/ (Accessed on October 29. 2020).

○ All products sold by this company are GAP-certified agricultural products grown through the management of pesticides and hazardous substances, leading to a rapid increase in exports based on buyers' high confidence in safety.

○ Recently, in order to expand the export volume, it is raising its reputation as the best overseas export product by maintaining fresh quality, reinforcing standard packaging, and strengthening the expertise of inspection personnel.

○ In particular, there is a system that completely prevents claims that may arise during export by separately hiring quality control technicians to inspect only exported items. The six products exported are managed in accordance with the quality standard manual for each item, and the best export products are selected based on size, freshness, and color type.

○ To maintain the freshness of agricultural products, they are packaged and exported using breathable film wrapping paper developed by the Rural Development Administration. By utilizing this, the storage period can be three times longer than that of the existing packaging, and the freshness is maintained for a long time. The product and price competitiveness in the export market can be significantly improved. With the use of breathable film wrapping paper, it became possible to export by ship from export through existing aircraft, increasing the income of over 30% of export farm households.

○ The company is also strengthening various export marketing strategies to target the Japanese market, one of the largest export markets for Ssam vegetables. In particular, in order to enhance safety favored by the Japanese, there is also a plan to block the concern of pests by switching from the conventional soil cultivation to the hydroponic cultivation method.

b) Analysis of Success Factors

□ Differentiated Quality through Strict Inspection and Quality Control

○ Unlike existing products, export items were systematically commercialized through GAP certification.

○ The utilization of the local environment enabled differentiation in taste and quality.

□ Maintenance of High-Quality Uniformity through GAP certification of 250 Contracted Farms

○ Uniform quality was achieved by complying with the same production manual by contracted farmers.

○ Products was able to be actively promoted in terms of quality uniformity and safety.

□ The Use of the Breathing Film Packaging Method Developed by the Rural Development Administration

○ The breathing film packaging method developed by the Rural Development Administration was used for export.

○ Export competitiveness was reinforced by greatly reducing export costs.

□ Focus on Various Export Marketing Targeting the Japanese Market

○ An export plan was established based on the analysis of the consumption trend of Korean Ssam vegetables in the market.

○ Research was rigorously conducted for various export marketing plans.

b. Need for Farmers' Organization: Yecheon-gun Agricultural Products Support Center (Apple)[9)]

a) Case 2

○ For Yecheon Apples, Taiwan is the main export market. It started exporting in 1998 and has been continuously loved by Taiwanese consumers for over 20 years.

○ Apples exported through this company in 2017 amounted to 170 tons, worth 490 million won, and all were exported to Taiwan.

○ Yecheon Apple was recognized in the overseas market due to the continuous management of apple cultivation farms and quality. In the early days of export, the number of farmers exported was about 130, making it difficult to manage all the farms. Afterwards, through trials and errors, farmers interested in exports were selected, and currently, 40 farms are managed.

○ The company has a state-of-the-art agricultural product distribution center (APC) such as a pre-cooling space (30 pyeong), a low-temperature warehouse (300 pyeong), a storage area (500 pyeong), and a sorting area (300 pyeong)

9) Rural Development Administration 2018 Agri-food Export Agriculture Best Practices https://www.nongsaro.go.kr/ (Accessed on October 29. 2020).

with a budget of 7.18 billion won.

○ In order to increase the brand value in the export market, the company has established high standards for apples sold overseas, such as 13 Brix or more and 70% or more of color. Thanks to these strict export conditions, Yecheon Apple is recognized for its quality at home and abroad.

○ Besides, protection bags are used to prevent diseases and produce red apples that Taiwanese consumers prefer.

○ As for export apples, this company insists on full-grown apples. Early cultivated apples are of poor quality compared to full-grown apples. Since there is a risk of quality deterioration in the distribution process, only full-grown apples are exported.

○ The company conducts consultations with experts from the Rural Development Administration and receives advice on various fields such as farming method, quality management, safety, packaging, and marketing.

b) Analysis of Success Factors

□ Elite Export Farmers and Steady Quality Control

○ 40 farmers who were active in apple exports were chosen and managed.

○ The company controlled the product quality by setting high-quality standards, using bags, and managing quality through state-of-the-art distribution center facilities.

□ Export of High-Quality Apples

○ Only apples with 13 Brix or more and color of 70% or more were exported.

○ Since early grown apples were easily softened, only full-grown apples were exported as it had little risk of deterioration in the distribution process.

□ Active Help from Experts

○ The company had regular consultations with experts from the Rural Development Administration.

○ Besides, they held export training sessions at least three times a year from experts.

c. Importance of Cultivation Technology and Export Education: Chuncheon Cherry Tomato & Tomato Export Cropping Class (tomato)[10)]

a) Case 3

○ Chuncheon tomato is planted in a mountainous area with severe daily temperature differences due to Gangwon-do's unique geographic conditions, so it has excellent sweetness and color, and taste.

○ The company was established in 2010 in association with five specialized tomato growers and is pursuing a three-dimensional export strategy such as pest control, post-harvest management, and overseas export market development through a thorough, high-quality, and advanced strategy to expand exports.

○ It has set its management goal to produce the best quality tomatoes in Korea and has invested in technical training to strengthen the export complex's cultivation technology.

○ With the promotion of quality-oriented exports with the principle of producing the highest quality tomatoes, the export volume increased from only 95 tons in the first year of export in 2011 to 130 tons in 2017.

○ As the Taiwan and Hong Kong markets have been newly developed as potential export markets, it is expected to export more than 200 tons by strengthening marketing strategies.

○ The five growers are constantly researching and organizing cultivation technology by sharing expertise to expand exports and improve quality. In particular, soil management, pest management, post-harvest management, and marketing management are maintained at a high level that surpasses domestic research institutes' research level. For continuous quality control, they attend training sessions on cultivation technology or export organized by the Rural Development Administration three times a year. Besides, they participate in technical education at least eight times a year, including three or more technical education programs from Gangwon-do Agricultural Technology Institute.

○ Recently, it has expanded communication with farmers participating in exports and strengthening the sharing of cultivation information. While promoting exports, they hold meetings from time to time and promptly check difficulties

10) Rural Development Administration 2018 Agri-food Export Agriculture Best Practices https://www.nongsaro.go.kr/ (Accessed on October 29. 2020).

or improvements.

○ In order to expand their market share in Japan, they participate in international events such as buyer tasting events held in Japan to present their excellent tomato taste. By developing such export markets and producing high-quality tomatoes, they gradually implemented a plan to export more than 250 tons in 2018.

b) Analysis of Success Factors

□ **Five Cultivation Experts in Each Field Unite to Produce the Best Products**

○ The company has secured a high export market competitiveness by producing the best quality tomatoes in Korea.

○ They utilized natural conditions for tomato cultivation in Chuncheon.

□ **Active Use of Training Offered by the Rural Development Administration**

○ They actively participated in export training offered by the Rural Development Administration three times a year.

○ Besides, they reinforced export expertise through export education.

□ **Expanding Exports by Developing Markets in Hong Kong and Taiwan**

○ The company diversified its markets through pilot exports to Hong Kong following Japan.

○ They voluntarily participated in buyer tastings to develop export market.

d. Need to Understand Overseas Demand and Marketability: Peach Eco-Friendly Farmers Association Corporation[11)]

a) Case 4

○ This company was established in 2009 to export peaches and started exporting peaches in 2010. In 2012, it was designated as an export complex by Gyeongsangbuk-do. The following year, in 2013, it was designated as an export complex by the Ministry of Agriculture, Food and Rural Affairs,

11) Rural Development Administration 2018 Agri-food Export Agriculture Best Practices https://www.agrinet.co.kr/news/articleView.html?idxno=171735(Accessed on October 29. 2020).

exporting about half of the domestic peaches.

○ 26 farmers work for the company. As of 2019, it produced 500 tons of peaches, of which about a fifth, or 116 tons, was exported. The export volume, which was only about 10 tons when first exported in 2010, is now more than 10 folds.

○ As the export volume expanded, the market also expanded. Initially, it only exported to Hong Kong, but now it is also exported to Singapore, Malaysia, Thailand, and Indonesia.

○ This company is the first company to receive Global GAP certification in Korea, and the peaches produced by this company are optimized for export. Their products meet global safety and quality standards. Global GAP certification is essential for export to Thailand. In addition, Thailand only accepts exports from designated export complexes but the company satisfies all of these conditions and was able to export successfully.

○ For export, peaches with 12 to 13 Brix are carefully selected and exported to ensure quality and safety.

○ They receive a great deal of help from the Rural Development Administration. Not only did they receive intensive training on cultivation and pest management necessary for Global GAP certification, but they also received assistance in various fields, such as writing farming logs for pesticides and fertilizer management.

○ The company has been loved by overseas markets for over 10 years by keeping an eye on the trends of overseas consumers. Competition with Japan was inevitable in Southeast Asian peach markets such as Singapore, Malaysia, and Thailand, but it was more important for them to understand the tastes and colors that local consumers liked.

○ Besides, most of the exporting countries' peaches were only sold in bags, but the company diversified the packaging standards. The packaging standards were also diversified to target various consumer groups, increasing purchasing power.

○ With the continuous increase in overseas exports, a new shipyard is also being built to increase the capacity of 2,400 boxes per day (based on 4.5 kg) to 4000 boxes.

b) Analysis of Success Factors

☐ **Quality Assurance through Global GAP Certification**

◯ The company developed the overseas market through Global GAP certification.

◯ They maintained quality by exporting peaches with 12~13 Brix.

☐ **Active Use of Training Offered by the Rural Development Administration**

◯ The company made use of cultivation education or pest management education necessary for Global GAP certification.

◯ Besides, the company participated in education program on creating farming logs for pesticide or fertilizer management.

☐ **Identification of Overseas Trends and Satisfaction of Overseas Consumer**

◯ The company identified the taste and color of peaches that local consumers liked.

◯ They also targeted various consumers through diversification of packaging standards.

3. Implications

a. Need for Safety and Quality Management Support

◯ Quality is the most important success factor in the above export best practices. For the export products, export competitiveness was enhanced by setting higher standards than domestic products, such as selecting products with 12 to 13 Brix or higher.

◯ Safety is also essential. The Maninsan Agricultural Cooperative Distribution Center and Peach Eco-Friendly Farming Association Corporation secured and guaranteed safety through GAP and Global GAP certification, thereby increasing export volumes.

◯ To maintain the quality and secure the safety of exported products, Korea is carrying out safety and quality control support projects. Specifically, there are ‘safety inspection’ and support for ‘freshness maintenance systems.’

b. Need for Farmers' Organization

○ Another important factor for increasing exports is the presence of farmers' organization. Rather than carrying out exports by individual farmers, it is preferable to respond to the export market because it can prevent excessive competition, stabilize goods, and uniformize quality when farmers cooperate.

○ If producers and exporters create an organization in the form of investing together, they mutually become more advantageous when entering the export market and meeting buyers as they are professionally equipped with expertise in exports.

○ In the case of the Yecheon, farming management was difficult when 130 farms were participating in the initial stage. Afterwards, it was able to produce export products more efficiently after reducing the number to 40 farmers. Also, 26 farmers works for the Peach Eco-friendly Farmers Association. Therefore, it seems that 25 to 40 farmers can be ideal for forming an organization.

○ In Korea, support policies are being implemented to foster integrated export organizations in which producers and exporters can participate.

c. Need for Cultivation Technology and Export Education

○ The cultivation technologies such as soil management and pest management should be continuously developed to improve products' quality and shared with the entire farming household.

○ However, the development and sharing of cultivation technology is a difficult part for individual farms. In the case of the Chuncheon, even though they had many experts in the company, they received enormous help by participating in the government's cultivation technology support training program.

○ In addition, specialized knowledge such as quarantine and customs is required for export. Therefore, export education and consulting support are needed for companies that open up new overseas markets or export new products.

○ In Korea, cultivation technology education is supported through organizational education in specialized agricultural production complexes, and export education and consulting are supported through export consulting programs.

d. The Need to Support Export Merchandising through Understanding Overseas Demand

○ The case studies implied that understanding local consumers' tastes and customizing the products for overseas consumers is important, bringing continuous export to the local market.

○ For example, in Taiwan, apples with a reddish color are preferred even though they have low Brix. Reflecting this, the Yecheon cultivated exported red apples through bag cultivation. Likewise, the peach could export steadily for 10 years by grasping the taste and color of peaches that local consumers prefer.

○ In addition, ‘branding’ based on the good quality of products is an important success factor. The companies in the case study have consistently exported high-quality products, offering good brand image on Korean products.

○ Korea is conducting export marketability and global brand development support projects that promote product development with local trends.

e. Pioneering Local Distribution Network

○ When developing overseas markets, it is necessary to collect information and marketing from local buyers. However, it is difficult to do so directly at the level of individual exporters.

○ Even if a company has export experience, it still needs help from the government level because it still requires export information and marketing of the country in order to develop a new overseas market.

○ When investigating the desired export support system of Vietnamese export companies, the most responses were market development and overseas marketing, such as business matching with foreign buyers and participating in international fairs.

○ In Korea, support for international fairs and buyer meeting arrangements is being implemented. Also, Korea is actively supporting the development of each overseas market by diversifying overseas sales promotion support projects.

Section 2. Korean Agricultural Products Export Support Projects

1. Safety and Quality Management Support

☐ **Safety Inspection (Korea Agro-Fisheries & Food Trade Corp)**

◯ As there is a concern that the importing country's safety system may act as a non-tariff barrier for the export of agri-food, This project aims to create an export environment by providing farmhouses and companies with pesticide residue inspection coverage to ensure safety from the domestic production stage.

◯ Farms and exporters are eligible for the support.

◯ This includes 1) support for pesticide residue inspection expense (90% of the inspection expense), 2) support for food hygiene inspection expense (up to 90% of the inspection expense), and 3) support for pre-registration of processed foods exported to Japan.

☐ **Freshness Maintenance Support (Korea Agro-Fisheries & Food Trade Corp)**

◯ This project aims to support the equipment of freshness maintenance system to improve the marketability of fresh agricultural products and to expand exports.

◯ Farmers’ organizations and exporters are eligible for the support.

◯ This supports up to 90% of the total cost and supports up to 80 million won per company per year.

2. Fostering Export Organizations

☐ **Fostering Integrated Export Organization (Korea Agro-Fisheries & Food Trade Corp)**

◯ This project aims to reflect the nature of fresh agricultural products, and foster integrated export organizations in which farmers and exporters nationwide can participate.

◯ Eligible organizations are export organizations that already integrated the fresh agricultural product export marketing program.

○ This includes 1) support for infrastructure development project expenses, 2) support for export promotion and 3) support for export stabilization
- Support for infrastructure development project expenses: Depending on the size of the organization, the support ranges from 50 million won to 800 million won (20% self-pay rate)
- Support for export promotion: Additional 8% ~ 12% support for export logistics costs through the evaluation of the organization
- Support for export stabilization: Additional support within one year after the designation as an integrated export organization

☐ **Fostering Foundation for Leading Export Organizations (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to foster and support leading organizations for export, from production to export for the stable supply of high-quality agri-food.

○ Eligible organizations are leading organizations (incl. individual & association) that produce fresh agricultural products for export. However, it must be an integrated export marketing corporation established by joint investment by producers and exporters.

○ This includes 1) infrastructure development project expenses, and 2) support for export promotion.
- Support for infrastructure development project expenses: Depending on the size of the organization, the support ranges from 40 million won to 200 million won (20% self-pay rate)
- Support for export promotion: Additional 2% ~ 6% support for export logistics costs after the evaluation of organization

3. Professional Technical Education Support

a. Support for Cultivation Technology Training

☐ **Agricultural Product Specialized Production Complex Organization Education (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to enhance the human resource capacity of farmers and complexes and enhance the quality and stability of agricultural products through customized support that reflects the demand of the government-designated agricultural product complex.

○ Government-designated agricultural product specialized production complexes are eligible for the support under the relevant guidelines.

○ This includes 1) improvement of farmhouse awareness, 2) farming information, 3) professional technology training, 4) quality control (farmhouse), and 5) case dissemination.
- The amount of support is limited to KRW 12 million to KRW 20 million depending on the number of participating farmers.

b. Export Training and Consulting Service

□ **Export Consulting Service (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to expand exports by providing consulting services to help domestic agri-food companies convert into export companies, and help existing exporters pioneer new markets. By doing so, it focuses on the expansion of export opportunities.

○ Korean domestic agricultural, food and beverage manufacturers, wholesalers, retailers, and exporters are eligible for this support.

○ The support includes 1) overseas market expansion consulting services 2) on-site training, and 3) use of preferential tariffs with the FTA.
- Overseas market expansion consulting services: companies can receive overseas expansion consulting services from a consulting company. The government provides 80% of the total consulting expenses for about 8 months (maximum 20 million won limit).
- On-site Training: companies receive consulting services from individual expert committee members and coaching services by visiting overseas for a short period (5-10 days). Self-pay of 100,000 won applies.
- Use of Preferential Tariffs with the FTA: This provides consulting services of issuing FTA certificate/confirmation of origin. Each company can sign up for 3 to 10 days (Agri-food FTA consultation/complaint desks are in operation)

□ **Localization Support (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to support the development of agri-food export market by resolving customs clearance difficulties for exporters and importers in major exporting countries and responding to non-tariff barriers in exporting countries.

○ Korean agricultural food exporters and buyers are eligible for this support.

○ This includes 1) Consultation on resolving non-tariff barriers, 2) Labeling support, 3) Trademark application support, 4) Localization of packaging 5) Specialized support for buyers, 6) Consultation on removing Import Alerts 7) One-stop test export support.

- Consultation on resolving non-tariff barriers: This project aims to provide consulting expenses for resolving difficulties related to local laws, customs clearance, and SPS. Funding up to KRW 10 million.
- Labeling support: This project aims to provide the cost of ingredient inspection required to label/register export products in the local language. Funding up to 20 million won (10% self-pay rate)
- Trademark application support: This project aims to provide funding for trademark application for intellectual property rights and brand protection, with a limit of 20 million won (10% self-pay rate)
- Localization of packaging: This project aims to provide package design improvement and development cost for localization. Funding up to 20 million won (10% self-pay rate)
- Specialized support for buyers: This project aims to provide buyer coaching and consulting services, local food inspection expenses, etc., with a limit of KRW 20 million (10% self-pay rate)
- Consultation on removing Import Alerts: This project aims to provide consulting expenses for removing the Import Alert Red List in the United States, with a limit of 20 million won (10% self-pay rate)
- One-stop test export support: This project aims to provide expenses for all matters such as customs clearance, quarantine, logistics, storage, marketing, etc. for test exports to China, Japan, and Vietnam. Funding up to 10 million won (10% self-pay rate).

4. Export Marketability and Brand Development Support

□ Export Marketability Support (Korea Agro-Fisheries & Food Trade Corp)

○ This project aims to expand exports of Korean agricultural food through product development and improvement in line with local trends.

○ Eligible company is a processed food exporter, which uses Korean fresh agricultural and livestock products as raw materials.

○ This includes expenses related to product localization, such as developing promising products and overseas marketing.

- This project supports up to 80% or 40 million won of product development/improvement and market testing costs, and 80% or 60 million won for overseas marketing.

☐ **Global Brand Development Support (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to raise the awareness of Korean agri-food in overseas markets and increase export vitality by intensive marketing support through matching domestic agri-food brands with local renowned celebrities in export target countries.

○ Agricultural food (fresh and processed) exporters are eligible for this support.

○ This includes the cost of brand registration, celebrity endorsement, marketing, and consulting service in the target country. The amount of support varies depending on the company's size—funding within 200 million or less.

5. Pioneering Local Distribution Network

☐ **International Expo/Fair Support (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to support participation in comprehensive exhibitions organized by the Korea Agricultural and Fishery Food Distribution Corporation. It supports participation by organizing a Korean pavilion at major overseas food fairs to enhance export capabilities and expand exports of small and medium-sized agri-food exporters in Korea.

○ Agricultural food exporters are eligible for this support.

○ This provides the installation of booth in the Korean Pavilion with free of charge. Also, it covers transportation customs clearance and refrigerated (frozen) equipment rental expenses for fresh agricultural product exhibitors (excluding accommodation expenses)

☐ **Buyer Meeting Arrangements (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to support participation in large-scale-buyer-invited fairs, individual company buyer meetings, and online/mobile export consultation services. It aims to promote agri-food exports by providing practical consultation service and export contracts through the invitation of potential overseas buyers.

○ Foreign buyers (importers, vendors, distributors) and agri-food exporters are eligible for this support.

○ This includes 1) Support of participation in large-scale buyer-invited fairs, e.g., the invitation of buyers and provision of consultation venues, 2) organizations of individual company buyer meetings, e.g., coverage of invitation expenses, 3) Support of Online/mobile export consultation service, e.g., online consultation service support.

□ **Overseas Antenna Shops Support (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to support the operating expenses of overseas antenna shops that fit local conditions, such as shop-in-shop, to explore the possibility of developing and entering new markets for Korean agri-food.

○ Foreign vendors and importers or domestic exporters handling Korean agri-food are eligible for this support.

○ This includes 70-90% of marketing expenses, such as rental/equipment expenses, public relations expenses, tasting events, etc. The amount of support varies based on operational performance evaluation results, including new item placement performance.

□ **Market Diversification Frontiers (leading companies) Support (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to expand exports and secure stable export conditions by diversifying the Korean agricultural food export market.

○ Eligible companies are those wish to export Korean agri-food to 20 strategic countries in the six regions for export market diversification.

Table 78. Targeting Countries for Export Market Diversification

Region	Top Priority Targeting Country (7)	Second Priority Targeting Country(13)
New Southern	Malaysia, Cambodia, Myanmar	Philippines, India, Laos
New Northern	Mongolia, Kazakhstan, Russia	Uzbekistan
Europe	-	Italy, Germany, Poland
Middle East	-	Saudi Arabia
Latin America	Brazil	Mexico, Chile, Peru, Argentina
Others	-	South Africa

Source : Korea Agro-Fisheries&Food Trade Corporation.2020 Agri-Food Export Support Project Guidebook

○ This includes 1) market development expense, 2) Agri-food sales roadshow, 3) export product market test, 4) business matching service for youth overseas pioneers.

□ **Overseas Promotion Events Support (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to promote Korean agricultural and fishery products through promotional events (tasting, publicity, promotion, etc.) in connection with large overseas retailers and raise overseas consumers' awareness.

○ Eligible companies are domestic exporters and export associations, overseas distributors, and buyers. However, the domestic export companies must be a company that has a business record with overseas sales and is capable of promotion events.

○ This includes costs associated with marketing activities in overseas markets.

□ **Online & Mobile Marketing (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to provide global B2B entry support, global B2C Kmall24 entry support, and overseas online mall entry consultation services. It is a project that promotes the entry into overseas online channels.

○ Eligible companies are Korean agri-food exporters and small and medium-sized exporters using domestic raw food ingredients that are potentially promising in overseas markets (global B2B entry support).

○ This includes 1) Support for entry into the global online B2B platform such as Alibaba.com 2) Support for Sales on Kmall24 stores, 3) Business matching with overseas online mall MD, and buyers.

□ **Export Strategic Item Promotion Project to China (Korea Agro-Fisheries & Food Trade Corp)**

○ This project aims to discover and nurture items for quarantine in China and major markets (the US, ASEAN) and to support market diversification. Besides, it aims to expand exports to China by discovering new agri-food business models led by the private sector.

○ Eligible companies are exporters and local corporations of strategic products exporting to China, related associations and export councils, local buyers, etc. The 11 major strategic products for the Chinese market are ginseng, mushrooms, citron tea, dairy products, processed rice and rice, samgyetang, grapes, kimchi, paste, processed foods (traditional liquor, noodles), and paprika.

○ This includes 1) product and menu development support and 2) online and offline marketing support.

Section 3. Comparison of Export Support Projects between Korea and Vietnam

1. Overview on Agricultural Products Export Support Projects in Vietnam

○ To promote Vietnamese fruits' entry into the Korean market, a government-level export support system through new market entry information and budget support is indispensable.

○ By identifying the export support system currently being used by Vietnamese fruit exporters, this section examines the overview of export support for agricultural products in Vietnam.

a. Survey Participants and Method

○ This survey content was included in the previous survey.

○ Survey participants and methods are identical to previously explained in Chapter 2.

2. Survey Analysis

a. Utilization of Export Support Projects

○ A total of 19 companies responded to the awareness and use of export support projects.

○ Concerning export support projects for Vietnamese fruits, 18 companies responded that they are aware of export support projects in Vietnam. Only 10 companies answered that they are using them.

○ They answered there are support programs for issuance of certificates of origin, market research, and trade promotions, etc.

○ It was confirmed that the form of the export support system was not a direct benefit, such as tax support and logistics cost support, but a passive form of support.

Table 79. Overview of Export Support Projects in Vietnam

(Unit: No. of Respondents)

	Yes	No	Do not know
Vietnam's Export Support System for Fruits and Agricultural Products	18	-	1
Experience in Utilizing Vietnam's Export Support System for Fruits and Agricultural Products	10	9	-
Export Support System in Use	Support for issuance of certificates of origin, market discovery, trade promotion, overseas marketing, agricultural product preservation and technical support, etc.		

Source : Prepared by the research team

b. Comparative Evaluation with Competitors

○ The export support projects and trade-related system were compared with competitors. Besides, it was also evaluated to determine the level of support from the Vietnamese government.

○ A total of 15 companies responded to export support projects, and of 9 responded to trade-related systems, showing a lower response rate than other survey sections. Because the respondents were not familiar with those systems, it was not possible to evaluate accordingly. As such, the response rate seemed to be low.

○ Both export support programs and trade-related systems were evaluated to be inadequate compared to those of competitors. 12 out of 15 companies believed competitors had a comparative advantage in the export support system.

Table 80. System Comparison with Competitors

System	Average (out of 5)		Comparison		
	Vietnam	Competitors	Vietnam has a comparative advantage	Competitive countries have a comparative advantage	Equal
Export Support System in Exporting Countries	3.4	4.33	-	12	3
Trade-related systems (FTA, etc.)	3.56	4	-	3	6

Source : Prepared by the research team

c. Desired Export Support Projects

○ The survey examined which areas they need support from the government to promote overseas export of Vietnamese fruits (multiple responses allowed).

○ Most respondents answered they need market development and overseas marketing through meeting arrangements with overseas buyers and participation in international fairs.

○ The next most popular answer was that they need support for export logistic expenses, quarantine, and customs clearance information, and support for safety management, including inspection expenses for pesticide residues.

○ Other opinions include 1) support for B2B brokerage fees, financial support such as unsecured loans, demand for direct monetary support such as tax refund for export companies, support for logistics expenses, 2) Reduced quarantine and export procedures, 3) Requests such as support for overseas market development, including holding fairs and establishing mediation channels at the government level, etc.

Table 81. Desired Export Support Project

(Unit: No. of Respondents)

Support for issuance of certificate of origin	Safety Management	Market development and overseas marketing	Logistics, quarantine, and customs clearance support	Finance·Insurance
3	7	13	8	3

Source : Prepared by the research team

3. Comparison of Export Support Projects between Korean and Vietnam

○ The following discusses the comparison of export support projects between Korea and Vietnam.

Table 82. Comparison of Export Support Projects between Korea and Vietnam

	Export Support Project	Details	
		Korea	Vietnam
1	Safety and Quality Management Support	Safety Inspection	Unknown
		Freshness Maintenance Support	
2	Fostering Export Organizations	Fostering Integrated Export Organization	Unknown
		Fostering the Foundation for Leading Export Organizations	
3	Professional Technical Education Support	Agricultural Product Specialized Production Complex Organization Education	Partial support from the Leading Export Company Support System[12]
		Export Consulting Service	
		Localization Support	
4	Export Marketability & Brand Development Support	Export Marketability Support	Unknown
		Global Brand Development Support	
5	Pioneering Local Distribution Network	International Expo/Fair Support	Partial support from the Leading Export Company Support System (Providing opportunities to participate in business fairs, direct placement of imported buyers, etc.)
		Buyer Meeting Arrangements	
		Overseas Antenna Shops Support	
		Market Diversification Frontiers (leading companies) Support	
		Overseas Promotion Events Support	
		Online mobile marketing	
		Export Strategic Item Promotion Project to China	

(E-commerce export education, etc.)
Source : Prepared by the research team

○ In the case of Korea, companies that produce and export agricultural products are directly or indirectly supported through various agricultural product export support projects. On the other hand, in Vietnam, although the government and local governments have established macro-scale export plans and strategies with the aim of increasing exports, it has been challenging to find a system that provides direct support benefits to producers and exporter, such as

12) This is export support system in Vietnam based on 910/QD-BCT (MIT, April 12. 2019) and 911/QD-BCT (MIT, April 12. 2019)

education and expense support.

- Approval of the 2011-2020 Commodity Import and Export Strategy and Direction through 2030(2471/QD-TTg, December 28. 2011)[13)]
- Guidance on Facilitating Commodity Export Activities in Ca Mau Province (05/CT-UBND, May 22. 2020)[14)]
- Ben Tre Provincial Agricultural Export Promotion Plan(5008/KH-UBND, October. 9 2019)[15)]
- Plan on Export of Agricultural Products in Son La Province (212/KH-UBND, December 29. 2017)[16)]
- Plan on Promotion of Exports of Major Products in An Giang Province (800/KH-UBND, 2019)[17)]

○ Regarding the Leading Export Company Support System, benefit is somewhat limited because it selects and supports only companies that meet certain export sales performance.

○ To promote Vietnamese fruit sales in the Korean market, it will be necessary to improve quality and output by resolving the difficulties producers and exporters face by providing more direct and active export support policies.

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Chapter 7

Conclusion

Chapter 7 Conclusion

Section 1. Research Summary

1. Banana

☐ **Status of Import and Distribution in Korea**

◯ Even Banana is a representative imported fruit in the Korean market, it is showing a low growth trend. Therefore, it is challenging to expect an increase in consumption without major changes in quality improvement and marketability.
- As of 2019, Philippine bananas accounted for about 80% of the total import volume, whereas Vietnamese bananas accounted for 1.4%.

◯ Bananas are generally sold by hand(unit), and they are distributed in the form of only a product with label, band, or bag package.

◯ The main distribution channels for bananas are wholesale markets and large distributors. In the case of Vietnamese bananas, 95% are found to be distributed through the wholesale market.

☐ **Evaluation and Requirements in the Korean Market**

◯ The importers scored Vietnamese bananas lower than Philippine bananas regarding physical features, standardization, and delivery capacity (quantity & quality). Moreover, it received lower scores in taste, physical features, freshness, import unit price, standardization, and delivery capacity (quality & quantity) than those from Latin America.

◯ The average rating evaluated by the wholesalers was 3.2 (out of 5 points), and areas such as storage (2.0), physical features (color) (3.0), uniformity (well-sorted) (3.0), and stability of procurement (3.0) were evaluated lower than the average.

○ Assuming the actual purchase, the Korean consumer preference rate was 3.09 (out of 5), which was lower than the average preference of bananas from other countries (4.07).

□ **Summary of Survey Results on the Status of Exporters and Producers in Vietnam and Improvement Measures**

○ Since storage technology for exported banana is weak, investment and support in processing and storage technology to improve export quality are required.

○ Since individual cultivation methods incur high costs from harvesting and sorting to packaging, and act as a factor that hinders the consistency of quality, it is necessary to establish a special cultivation area plan or organize farmhouses at the government level and foster farmers' organizations.

2. Mango

□ **Status of Import and Distribution in Korea**

○ Mango has established itself as a representative imported fruit with high quality and popularity in the Korean fruit market since 2014. As overseas travel to Southeast Asia increased, consumers have become accustomed to the taste of tropical fruits such as mango, leading to the mango market's growth.
- As of 2019, Thai mango accounted for about 57.1% of the total import volume, whereas Vietnamese mango accounted for 4.4%.

○ At the retail stage, they are mainly distributed individually or in packs of 2-3 and are sold in boxes for wholesale or gift purposes. It is also a popular disposable cup product along with pineapple and yellow peaches.

○ The main distribution channels for mangoes are wholesale markets and large retail markets. Vietnamese mangoes are also distributed through similar channels as bananas.

□ **Evaluation and Requirements in the Korean Market**

○ The importers scored Vietnamese mangoes lower than Thai mangoes regarding physical features and standardization. There are several issues that needed to address: the monopoly structure of Vietnamese mangoes, high distribution costs, a need to improve the safety and quality management system, a need to discover new varieties, and a need to process prompt customs clearance after entering Korea. One of the advantages includes its higher competitiveness among the other Vietnamese fruits.

○ The wholesalers pointed out that the freshness was lower than that of Thai mangoes because the sorting process is poor; the packaging is not suitable for the size; and the price is not significantly different from that of Thai mangoes.

○ As the retailers' main opinion, there needs improvement in maintaining quality standardization and supplying a stable quantity.

□ **Summary of Survey Results on the Status of Exporters and Producers in Vietnam and Improvement Measures**

○ Vietnamese fresh mangoes need technology to improve post-harvest processing to reduce the loss rate of products in the harvesting, storage, and transport stages.

○ Due to the small-scale production by individual farmers, the quality of mangoes is inconsistent and not standardized. In particular, the increased demand for quality, Vietnamese mangoes need to comply with strict standards such as quality, food safety, packaging, storage, country of origin, and plant quarantine. Developing and designing mango specialty production areas applying standards such as Viet GAP and Global GAP can be a solution.

3. Pineapple

□ **Status of Import and Distribution in Korea**

○ Pineapple is one of the most popular imported fruits along with bananas. A significant amount of pineapple is distributed as food ingredients used for buffets and group meals, canned food, and juice. In the early days of entry into the Korean market, fresh whole pineapple was dominant, but recently, the market has disappeared, and many are distributed in the form of sliced or cut products.

- As of 2019, Philippine pineapples accounted for about 92.9.1% of the total import volume, whereas Vietnamese pineapples accounted for 0.0%(1.7 tons)

○ At the retail stage, it is mainly distributed in sliced form and sold in disposable cups.

☐ **Evaluation and Requirements in the Korean Market**

◯ The importers responded that Vietnamese pineapple is not currently being imported for commercial use and that its competitiveness is lower than that of other countries such as the Philippines.

◯ According to the wholesalers, Vietnam has lower packaging technology than the Philippines. Also, pineapples are mostly exhausted at buffets and wedding halls after importation.

☐ **Summary of Survey Results on the Status of Exporters and Producers in Vietnam and Improvement Measures**

◯ As the pineapple cultivation area that satisfies the Viet GAP and Global GAP is small, it is required to develop a pineapple-specialized production area that satisfies high productivity and quality through Viet GAP and Global GAP certification.

◯ Pineapples are agricultural products that require capital and technical investment, but the pineapple yield (50-70% of the regional average) itself is low due to the lack of capital of individual farmers. This requires investment and support in technical aspects such as cultivation technology and variety improvement.

4. Dragon fruit

☐ **Status of Import and Distribution in Korea**

◯ Dragon fruit has entered the Korean market since 2009. Around 2015, through the conclusion of FTAs, expansion of overseas travel, and diversification of imported fruits, it gained a great deal of popularity. During this period, dragon fruit was presented to the market as an exotic and expensive tropical fruit that could not be experienced in Korea.

◯ At the retail stage, they are mainly packaged and distributed individually or in packs (1 (whole) per pack, 4 (whole) per pack), or sold in disposable cups.

◯ Vietnamese dragon fruits are distributed about 20% from importers to wholesale markets and 70% to large retailers, and 10% to general retailers (direct transaction) and online companies.

☐ **Evaluation and Requirements in the Korean Market**

○ In Korea, the marketability of dragon fruit is low. It is mainly used in religious events, consumed in foreigners' residential areas, and provided to buffets or group meals as salad.

○ In 2020, red dragon fruits were on the market, but it is less popular due to its high price and low quality.

○ Even in large retail stores, dragon fruit is recognized as an assortment product rather than a flagship product.

☐ **Summary of Survey Results on the Status of Exporters and Producers in Vietnam and Improvement Measures**

○ Vietnam's dragon fruit production faces many challenges, including the effects of climate change and diseases (brown spots, insects, pests, etc.). Therefore, it is necessary to foster investment in new varieties resistant to climate change and pests.

○ Investment and support in processing and preservation technology to improve the export quality of dragon fruit is required.

○ It is necessary to build the capacity of companies to meet the requirements of the Global GAP standards, agricultural business, and production processes.

5. Coconut

☐ **Status of Import and Distribution in Korea**

○ Along with dragon fruit, coconut entered the market as a leading tropical fruit in the Korean market around 2015. Around that time, consumers began traveling to Southeast Asian countries, so their foreign fruit experience increased. Besides, large retailers also greatly expanded the range of imported fruits as diversification strategies. Large retailers also focused on promoting tropical fruits, including coconuts, and contributed greatly to the actual sales improvement.

○ However, as the consumption trend has changed, emphasizing convenience, the current market is also favoring processed products. Like the dragon fruits, the market size has been greatly reduced.

○ Coconuts are packaged and sold individually, and convenience stores are also offering coconut products that be directly consumed with a straw for convenience.

○ Vietnamese coconuts are distributed about 60% from importers to wholesale markets, 30% to large retailers, 10% to online or direct sourcing.

□ **Evaluation and Requirements in the Korean Market**

○ The importers believed the coconut market in Korea has limitations in expansion due to inconvenience in consumption.

○ The wholesalers pointed out that Vietnamese coconut has no special appeal to Korean consumers, and sales are concentrated mainly in summer vacation areas. Also, there is only some demand from foreigners in foreign-dense areas.

□ **Summary of Survey Results on the Status of Exporters and Producers in Vietnam and Improvement Measures**

○ Coconut is cultivated on a small and individual farm basis. Farmers with 0.15 ~0.5 ha account for 75% of the total coconut growers.

○ It is required to improve cultivation technology through scientific and technological approaches such as increasing production, enhancing seed quality and improving the land. Besides, it is necessary to establish a special cultivation area plan or structuralize farmhouses and foster farmers' organizations at the government level.

6. Frozen Mango

□ **Status of Import and Distribution in Korea**

○ Frozen fruits in the Korean market were strong as a substitute for fresh fruits in the early stages of market formation. Recently, as fruit juice specialty shops have expanded, the use of raw ingredients has increased. Besides, as the buffet and group meal markets have grown, the demand for frozen fruits is also increasing. In the frozen fruit market, the dominant fruits are blueberries, mangoes, pineapples, strawberries, and avocados. Recently, items such as peaches and cherries are also introduced.

○ The frozen fruit market can be largely divided into B2B and B2C. In the B2B market, frozen fruits are used for making juice, salad, and group meals. In the B2B market, middle and lower products are more traded rather than upper products. B2C markets include large retail stores, convenience stores, and online shopping malls. Besides, those fruits are upper quality in the form of ready-to-eat products.

○ Frozen mango is popular as a substitute for ice cream. Frozen mango bars enjoy a good market response for the convenience of consumption.

○ The main distribution channels of Vietnamese frozen mangoes are companies that operate B2C business, e.g., 90% of large retailers and 10% of online mall sales.

□ **Evaluation and Requirements in the Korean Market**

○ The importers evaluated Vietnamese frozen mango as having excellent competitiveness in price and quality and maintaining hygiene standards. It is considered as excellent in quality for its price in the market. However, there is an opinion that it is difficult to secure quantities due to the harvest time.

○ The retailers pointed out new varieties and signature products need to be developed. Some of them expressed that promotion activities should be considered based on various products of Vietnamese frozen mango.

□ **Summary of Survey Results on the Status of Exporters and Producers in Vietnam and Improvement Measures**

○ Frozen mangoes are exported in smaller quantities than fresh mangoes or processed mangoes because it requires investment in freezing standardization technology.

○ Therefore, it is suggested there is a need for investment and support for frozen storage and transportation.

Section 2. Directions for Promotion of Vietnamese Agricultural Products in Korea

1. Market Perception

a. A need for Vietnamese Exporters to Change Their Perception of the Korean Market and Vietnamese Fruits

○ The exporters evaluated Vietnamese fruits as very good or similar in many respects compared to other countries' fruits. Besides, they expected the possibility of entering the Korean market is promising.

○ Conversely, the stakeholders and consumers in the Korean market answered that the competitiveness and quality of Vietnamese fruits are lower than those of other countries and that many improvements are needed.
- For Vietnamese fruits, exporters scored Vietnamese fruits remarkably high, at 4.68 out of 5, but importers and distributors scored far lower at 3.03.
- Also, Vietnamese fruit exporters scored competitors remarkably high, at 4.53 out of 5, and importers and distributors scored competitors' fruits at 3.63.

○ According to the evaluation by Korean importers and distributors, Vietnamese fruits scored lower than competitors' fruits in all criteria except one criterion.
- The one section was health functionality, which was scored equal to competitors.

○ The areas such as import unit price, ease of procurement, standardization, and delivery capacity received incredibly low scores at 2.0.

○ The difference in perception between the two countries may have occurred because Vietnamese exporters evaluated fresh fruits before export. In contrast, Korean distributors evaluated the fruits after export into the Korean market (different timing of the evaluation).

○ However, if the evaluation was relatively low compared to the fruits from other countries imported to the Korean market under the same conditions, it can be reviewed that Vietnamese fruits are not meeting the expectations of the Korean market.

○ Basically, it is important to clearly understand the 3C(Company, Customer, and Competitor), which is the most underlying basis of marketing. The survey revealed there are differences in perception between Vietnamese products and competitors’ products.

○ Then, the STP strategy, market segmentation, target market setting, and positioning strategy can be subsequently established only after thoroughly understanding the market through the 3C analysis.

○ To increase Vietnamese fruits' market share in Korea, it is necessary to clearly recognize the quality and environmental conditions of the fruits, then understand and analyze the target market.

○ Korea Agricultural and Fishery Food Distribution Corporation (aT) continuously conducts overseas market research and publishes reports to improve access to overseas markets. It is necessary for the Vietnamese government or related organizations to benchmark these systems to accurately understand the Korean market's needs and expectations and support exporters to establish marketing strategies.

○ It is also imperative to resolve issues, including standardization, sorting, storage capacity and delivery capacity, and improving overall quality along with market awareness.

Table 83. Comparison of Vietnamese Fruits Evaluated by Vietnamese and Korean Companies

Criteria	Vietnamese Fruits		Competitors Fruits	
	Evaluation by Vietnamese Companies	Evaluation by Korean Companies	Evaluation by Vietnamese Companies	Evaluation by Korean Companies
Taste/Brix	4.73	3.25	4.14	3.67
Physical Features (Shape/Size, Color)	4.82	3.25	4.41	4.33
Freshness	4.86	3.38	4.41	3.67
Food Safety	4.73	3.29	4.59	3.17
Health Functionality (Beauty, Immunity)	4.95	3.00	4.5	3.00
Import Unit Price	-	2.50	-	3.17
Procurement	4.41	2.64	4.41	2.83
Standardization	4.59	2.92	4.73	4.00
Storability	4.32	3.04	4.64	3.33
Delivery Capacity(Quantity)	4.67	2.86	4.67	5.00
Delivery Capacity(Quality)	4.76	3.21	4.76	3.75
Average	4.68	3.03	4.53	3.63

Note 1: The score of Vietnamese fruits evaluated by Korean companies is the average score of the banana, mango, dragon fruit, and coconut.
Note 2: The score of Competitors fruits evaluated by Korean companies is the average score of banana and mango.
Source : Prepared by the research team

2. Production·Storage

a. Distribution Scale and Fostering Farmers' Organizations

○ Bananas are high in demand in the Korean market. However, Vietnamese bananas are not able to enter major distribution channels including large retail markets because its volume is not stable.

○ In order to expand the Vietnamese fruits' market share in Korea, it is necessary to scale up major fruit production areas.

○ There is a need to establish a foundation for stably procuring and selling fruit products through the organization of farms and producers.

b. Diversification of Varieties and Development of Varieties Suitable for Target Markets

○ Through in-depth interviews with the Korean importers and distributors, Vietnamese mangoes are considered the most competitive fruit among the other fruits in this research because it has the potential for various varieties to be presented in the future.

○ Pineapple, which has the largest market share in the Korean market, is mainly offered in processed products. Compared to Philippine pineapples, Vietnamese pineapples are not preferred because the shape is not ideal for processing.
- Processed pineapples are peeled and sliced products so that it can be consumed easily.

○ In order to promote Vietnamese fruits in the Korean market, it is necessary to test various varieties that are suitable for the Korean market and may generate new demand.

○ For this, there will be a need for organic cooperation between the Vietnamese government and Korean importers and distributors.

○ Besides, the mid- to long-term market expansion plan should also be sought by improving varieties or developing varieties that are suitable for the Korean market.

○ Led by Rural Development Administration, Korea develops and distributes fruit crops, mushrooms, vegetables, and flowers, of which quality, functionality, and storage properties are customized for export markets.

c. Establishment of Fruit Standard Specification System

○ Through in-depth interviews with Korean importers and distributors, Vietnamese fruits are evaluated as having a lower level of uniformity in quality than those from other countries.

○ For the uniform quality of agro products, Korea has implemented a 'Standard Specification System.' In order to facilitate trade in agro products and increase distribution efficiency, this system ensures that labeling information and product should be consistent by classifying in accordance with quality, size, and use, and packaging with standard packaging materials.

○ Items on the system list cannot be distributed if they do not meet the standards, and they may be excluded from government support.

○ If there is a limit to the implementation and spread of standard specification for all Vietnamese fruits, it is necessary to prioritize establishing standards for fruits entering Korea.

d. Government-led Cold Chain Support Policy

○ From a mid- to long-term perspective, a cold chain system should be established from production to distribution to improve the quality of Vietnamese fruits.

○ The cold chain system aims to maintain a product within a specified low-temperature range from harvest/production to consumption. It is a system of series of refrigerated production, storage and transport activities, which maintain a desired low-temperature range.

○ Korea has invested 3,700 million won as of 2019 as a budget for 'building a cold chain for export agri-food' to improve quality competitiveness and support new markets through support for overseas distribution (storage) of agri-food.

3. Transport·Customs Clearance

a. Establishment of Electronic Data Exchange System for Quarantine

○ For customs clearance of major Vietnamese agricultural products in Korea, a phytosanitary certificate issued by the quarantine authority in Vietnam[18] must be submitted to the Korean quarantine agency.

- During the survey of Vietnamese agricultural product producers and exporters, it was discovered that there is a risk of loss and time and cost in the process of issuing a phytosanitary certificate and delivering it to a Korean importer.
- By establishing an electronic data exchange system for quarantine documents between Korea and Vietnam, forgery and falsification can be prevented, and the time required for obtaining and delivering documents between exporters and importers can be reduced. Besides, quicker customs clearance can be achieved because the quarantine agency is aware of imported items and quarantine information in advance during import customs clearance in Korea.

○ Korea has established an electronic quarantine system with Taiwan, Australia, and the Netherlands. It currently provides a function that allows the importing partner country to inquire about the quarantine certificates issued in Korea through the Internet.

- Allowing the quarantine certificates available on the Internet in the importing countries contributed to enhancing the reliability of Korean quarantine and promoting export of Korean agricultural products by preventing counterfeiting of the certificates of Korean exporters.
- However, Korea has yet adopted the method of issuing quarantine certificates in electronic form and exchanging them with other importing or exporting countries.

○ Similarly, there is EODES (Electronic Origin Data Exchange System), which has been implemented between Korea and Indonesia since February 1, 2020. With the electronic country of origin information exchange system, importers are not required to submit the original copy of the ASEAN-Korea FTA certificate of origin to the authority upon import declaration.

18) The Plant Protection Department(PPD)

b. Introduction of Agricultural Product Export Logistics Support System

○ According to the survey on the status of Stakeholders by Distribution Channel in Korea, it was analyzed that distribution costs are high in Vietnam, especially air transport. In Thailand, it costs USD 0.4 to 0.6 per unit, but Vietnam requires USD 1.2 to 1.4 even if transported by Vietnam's state-owned airlines, so the price competitiveness is incredibly low.

○ Korea's export logistics support system for agricultural products largely covers export logistics costs and air transport. In addition, there are projects to support usage fees for overseas joint logistics centers, support for sample customs clearance, and overseas certification registration support, etc.

○ The government's support for export logistics expenses for agricultural products contributes greatly to increase exports. According to the evaluation of Korea's export support performance in 2011, it was found that a 10% increase in export logistics cost support would result in a 2.3% increase in fresh agricultural product exports.[19].

○ However, in accordance with WTO DDA[20] negotiations in the agricultural sector, developing countries only can continue to support export logistics costs until 2023, so it is necessary to consider alternative ways such as supporting quality management expenses (joint selection, packaging, etc.), establishing a joint logistics system, and preparing measures to reduce logistics costs.

○ While the government's support creates short-term and direct effects, there is a concern that export competitiveness may deteriorate in the long run. Therefore, it should be gradually changed to indirect support, such as improving the quality of export agricultural products, developing new markets, promoting joint marketing, etc.

c. Introduction of FTA Certificate of Origin Support Project

○ For Wholly Obtained agricultural products in the FTA origin determination criterion, strict and rigorous management of the country of origin is required compared to products subject to the Substantial Transformation Criterion, in which required documents are standardized.

○ However, actual producers and exporters of agricultural products are often of

19) Korea Rural Economic Institute, 2011. Analysis of Factors to Increase Exports of Fresh Agricultural Products
20) Doha Development Agenda

small size, and the awareness of the FTA is low, making it difficult to receive the benefits of tariff reduction through the FTA.

○ In Korea, various FTA support programs are organized by the government and public organizations that reflect the nature of agricultural products and farmers. There is 'FTA Preferential Tariff Utilization Support Project' supervised by Korea Agro-Fisheries & Food Trade Corp.

○ When an export farmer applies for the support project, an FTA expert, such as a customs agency, is dispatched to the farm to provide one-on-one support for goods verification, classification, preparation and collection of origin determination documents, and issuance of a certificate of origin, etc.

Table 84. AT FTA Preferential Tariff Utilization Support Project Process

Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6
HS CODE Checking	PSR By FTA	Preparation for Documents	Determination of Country of Origin	Issuing Certificate of Origin	Document Storage, Verification of Origin

Source : aT, FTA Special Tariff Utilization Support Project

○ The Korean government has designated 1,028 agricultural products to facilitate the issuance of certificates of origin by taking a step further from practical support and reducing the burden of obtaining FTA documents on export farms. Farmers can provide substitute documents that are already obtained for purposes other than the FTA if it proves they meet the Wholly Obtained Production Criterion. This is referred to as Confirmation of Origin (inclusive) Recognized by the Commissioner of the Korea Customs Service.

Table 85. Substitute Documents for Wholly Obtained Agricultural Products

	Documents
Agricultural Products	① Certificate of Eco-friendly agricultural product
	② GAP
	③ Ceritificate of Agricultural Product Traceability Management Registration
	④ Protected Geographical Indication
	⑤ Supply Confirmation Letter of Government Grain for Processing Purpose

Source : Notice of Confirmation of Origin (Comprehensive) recognized by the head of the Customs Service

○ In order to increase the export of Vietnamese fruits, it is necessary not only to promote the use of the FTA to producers and exporters but also to provide a practical FTA support program at the government level.

4. Distribution·Sales

a. Establishment of Marketing Strategy Based on the Survey Result of Korean Stakeholders and Consumers

□ **Establishment of Strategies for Each Item Reflecting Consumer Needs**

○ The degree of competitiveness for each item can be assessed according to the degree of preference and purchase intention evaluated by consumers.

○ Under the assumption of purchase, the degree of preference and purchase intention was compared. The result showed consumers were more likely to buy bananas and pineapples while less likely to buy dragon fruits and coconuts.

○ On the other hand, mango and frozen mango showed the same level of preference and purchase intention.

○ Through this kind of evaluation, it is necessary to find a strategy by classifying items that have great potentials in the future and identifying items that require new strategies in the Korean market.

Table 86. Differences in Preference and Purchase Intention by Fruit

Fruit	Preference	Intention to Purchase	Changes
Banana	3.1	3.3	0.2 ↑
Mango	3.7	3.7	-
Pineapple	3.3	3.4	0.1 ↑
dragon fruit	3.2	3.0	0.2 ↓
Coconut	3.0	2.9	0.2 ↓
Frozen Mango	3.1	3.1	-

Increased purchase intention compared to level of preference	Purchase intention = Level of preference	Decreased purchase intention compared to level of preference
Banana Pineapple	Mango Frozen mango	Dragon fruit Coconut

Source : Prepared by the research team

□ Use of Marketing Strategies that Consider Demographic Variables

○ Pearson's correlation analysis was conducted to confirm the correlation between purchase intention and demographic variables, e.g., age, number of family members, marital status, educational background, and income. The results showed purchase intention had a significant negative (-) correlation with age and marriage ($p<0.1$, $p<0.5$, respectively).

○ On the other hand, there was no significant correlation with the number of family members, education, and income.

○ It suggests that the young and unmarried group has a significant correlation with Vietnamese fruit purchase intentions, which can be used as a target market when establishing future marketing strategies.

□ Induction of Purchase by Securing Safety

○ Pearson's correlation analysis was conducted to confirm the correlation between purchase intention with usual food safety concerns and imported fruit safety reliability. The results showed purchase intention had a significantly positive (+) correlation with food safety concerns and imported fruit safety reliability ($p<0.01$ for both).

○ This implies consumer's confidence in the safety of imported fruits affects their purchase intention. Therefore, based on this, it is necessary to promote Vietnamese fruits' safety in the future and establish a marketing strategy accordingly.

□ Marketing to Consumers with Vietnam Travel Experience

○ Of the consumers who participated in the survey, 46.0% answered that they had been to Vietnam. According to the cross-analysis between the travel experience and Vietnamese fruits purchase intention, the group with Vietnam travel experience clearly indicated their intention to purchase Vietnamese fruits.

○ This can be used as a reference for future promotional marketing strategies and setting customer targets—the more increase in Vietnam travel experience, the more willingness to purchase fruits.

b. Support for Establishment of Associations for Each Promising Agricultural Product for Export

○ In Vietnam, there is the Vietnam Fruit & Vegetable Association (VINA FRUIT), which is composed of about 120 companies, and the association carries out activities such as improving product efficiency and productivity, marketing, and brand building.

○ However, it is difficult to carry out specialized R&D activities and marketing activities for each fruit as members of the association handle a wide range of items such as banana, mango, dragon fruit, coconut, rambutan, pomelo, and lychee.

○ According to the successful cases of agricultural product exports in the private sector, forming a cooperative association consisting of producers and exporters for an individual item is a good way to conduct R&D activities and marketing activities that are difficult for individual members alone to carry out(national brand building, quality management, exhibition participation, brochure production, advertisement, etc.).

- The Northwest Cherry Growers is made up of cherry producers in Washington, Oregon, Idaho, Utah, and Montana. They conducted cherry marketing activities in Korea to increase its exports to Korea. (Hosting Cherry day, photo/video Contest, sharing Information on the efficacy of cherries and recipes, conducting advertisement activities, etc.) [21]
- Horticulture Australia Limited cooperates with representative organizations of Australian fruits such as oranges, apples, and pears. They have developed a national brand, “Australia Fresh,” and utilized it as a trademark for exports of apples, pears, and oranges. A national brand's advantage is that even if the single item is not continuously supplied to the market throughout the year, different items can meet consumers by season. Hence, consumers continue to recognize Australian products throughout the year. [22]

○ Accordingly, stakeholders in Vietnam's fruit exports should carry out brand value-added activities in overseas markets, including Korea, through cooperative organizations. The Vietnamese government needs to reorganize the system to establish and operate these organizations and prepare a budget for support until the supply and demand become stabilized.

21) http://www.nwcherries.co.kr/index.php (Accessed October. 29. 2020)
22) Export Support Systems for Agricultural Products in Australia and New Zealand (Tae-hoon Kim & Hyeon-ok Kim, World Agriculture 138)

c. Introduction of Agricultural Product Business Matching Platform

○ In Chapter 3, the survey indicated most of the business transaction is made from a direct request from an overseas buyer, followed by direct discovery through overseas market research or participation in an export fair.

○ For Vietnamese agro products to enter the Korean market, Vietnamese exporters must avoid the passive attitude of responding to transactions only at the buyer's request and actively engage in developing new markets. However, there exist difficulties in taking specific actions. Moreover, due to the impact of Covid-19, there are restrictions on movement between countries and offline events such as fairs. For these reasons, it is challenging to make transactions using traditional methods.

○ By introducing a business platform exclusively for agricultural products and establishing the basis for non-face-to-face/permanent transactions, the burden of searching time and cost can be reduced. In the meantime, it is necessary to improve external reliability by setting, evaluating, and managing standards so that only selected exporters can be accessible to the platform.

d. Provision of Information on Potential and Emerging Markets

○ Relevant information should be provided based on Korean consumers' characteristics, regulations for each fruit (exportability, quarantine, food conditions, etc.), and trends in Korean fruit imports.

○ In Vietnam, research and publications for each overseas market are being produced under the Vietnam Trade Promotion Agency (VIETRADE) and the Vietnamese diplomatic missions abroad, which are practically beneficial for producers and exporters in a new market.

○ From this perspective, this research is also expected to be used as meaningful data to promote Vietnamese fruits in the Korean market. New information needs to be supported through in-depth follow-up research reflecting Korean consumer trends in the future.

Source : VIETRADE

Fig. 48. Vietnamese Fruits Export Manual (Mango-Australia, Dragon fruit-Germany)

Section 3. Entry Strategy of Vietnamese Major Agricultural Products in the Korean Market

1. Banana

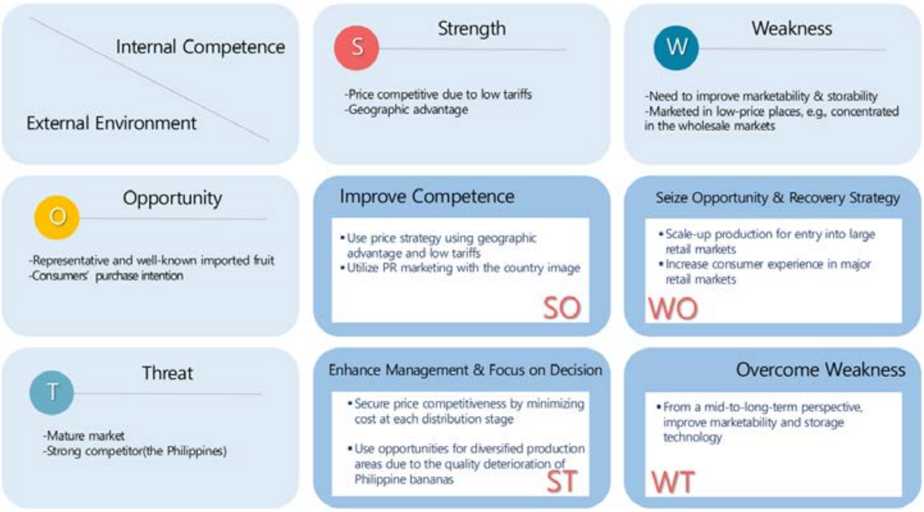
☐ SWOT Analysis on Vietnamese Banana

○ One of the strengths is that they can maintain their freshness thanks to its geographic advantage. Besides, it has price competitiveness provided by the tariff benefits of the Korea-Vietnam FTA. The consumer survey showed Korean consumers have high purchase intention (within a reasonable price range).

○ However, it is necessary to improve quality and enhance storability in the distribution stage. Vietnamese bananas are only distributed to the wholesale market rather than the large retail markets in the Korean market, as a large quantity procurement system has not been established.

○ As an opportunity factor, banana is considered one of the well-known imported fruits.

○ The imported banana market has already formulated a mature market in Korea, and the fact that Philippine bananas have a far higher market evaluation can still be a threat.



Source : Prepared by the research team

Fig. 49. SWOT Analysis on Vietnamese Banana

☐ **Entry Strategy for the Korean Market**

○ It is necessary to establish a price strategy by using geographic advantage and low tariff benefits.

○ Approximately 40% of the survey respondents answered they are willing to purchase Vietnamese bananas; therefore, there is a need to set PR marketing strategies with the country image.

○ A large-scale production and management system is required to increase quality, marketability, and price competitiveness from a mid-to-long-term perspective. Besides, it is necessary to establish a strategy to expand consumer experience in major distribution markets, including large retail stores.

○ There is an urgent need to establish a stable supply base for sales in major retail markets in Korea.

○ As the distributors are seeking diversified banana production areas due to the decline in the quality of Philippine bananas, it is necessary to take advantage of this opportunity.

○ In the mid-to-long-term, investment should be made to improve marketability and storage technology to meet Korean consumers' needs.

2. Mango

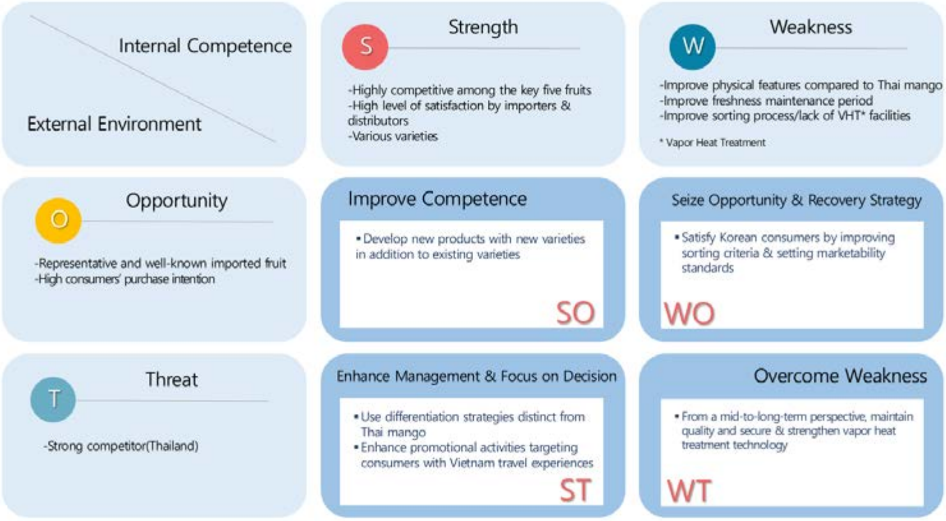
☐ **SWOT Analysis on Vietnamese Mango**

○ Vietnamese mango is the most popular fruit among the currently imported fruits and has the greatest strength in its high purchase intention. Besides, Korean distributors showed great interest in a variety of local varieties in Vietnam.

○ However, it has lower satisfaction in terms of physical features than Thai mangoes, and the logistics system needs to be enhanced to maintain freshness during the distribution process. Besides, for entry into the Korean market, the sorting system needs to be improved. Also, it is identified that there are few local vapor heat treatment facilities in Vietnam to fulfill Korean quarantine requirements.

○ Mango is considered one of the well-known imported fruits, and diverse varieties can be an opportunity factor.

◯ Like bananas, Thai mangoes have a higher market share and quality satisfaction in the Korean market, which can be a threat to Vietnamese mangoes.



Source : Prepared by the research team

Fig. 50. SWOT Analysis on Vietnamese Mango

☐ Entry Strategy for the Korean Market

◯ In the short term, a low-cost strategy can be ideal for targeting niche markets, but there will be a limitation in market expansion. Therefore, it is necessary to establish a strategy to develop and expand new products with new varieties in addition to existing varieties for entry into the Korean market.

◯ For the uniformity of quality and sorting process, it is necessary to organize farmers and introduce strict standards such as GAP.

◯ As the mango exports to the Korean market have recently decreased, it is necessary to prepare active promotions targeting consumers with Vietnam travel experiences.

◯ In the mid-to-long-term, there is a need for government support to expand vapor heat treatment facilities and upgrade technology. Besides, investment and support for mango varieties are required.

3. Pineapple

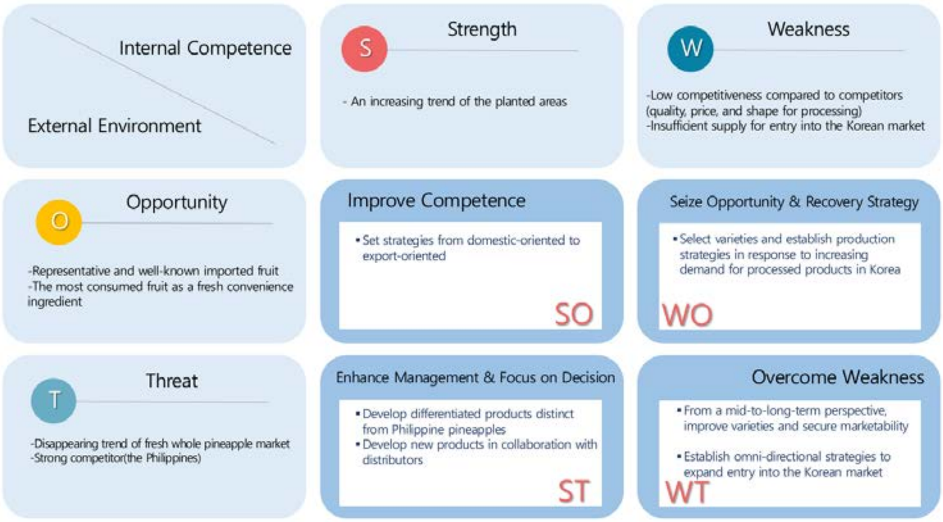
□ SWOT Analysis on Vietnamese Pineapple

○ Although the planted area for pineapples is on the rise in Vietnam but the pineapples are rarely distributed in the Korean market. According to the consumer survey, 47% of respondents answered that they are willing to purchase Vietnamese pineapples.

○ However, it is pointed out as weaknesses that the color is not vivid yellow, the price is relatively high compared to competitors (the Philippines, etc.), and the shape is not compatible with the domestic processing system.

○ Of the imported fruits in Korea, pineapple is most in demand in the food processing industry, which can be an opportunity factor.

○ Currently, fresh whole pineapple is rarely consumed in the Korean market, and the fact that the market is switching into the processing or restaurant-oriented market can be a threat.



Source : Prepared by the research team

Fig. 51. SWOT Analysis on Vietnamese Pineapple

□ **Entry Strategy for the Korean Market**

○ Since Vietnamese pineapples are not actively exported, it is necessary to establish a strategy for the expansion of export.

○ There coexist an opportunity and a threat that the fresh whole pineapple market has substantially reduced in Korea, which has been replaced by the processed product market such as sliced fruit products.

○ To switch the main market from the fresh whole product market to the processing market, it is necessary to discover and develop varieties with shapes and quality that are easy for processing.

○ Furthermore, developing Vietnamese pineapple products with improved consumption convenience in collaboration with distributors and processors should be considered.

4. Dragon Fruit

□ **SWOT Analysis on Vietnamese Dragon Fruit**

○ Vietnamese dragon fruit is dominant in the Korean market, which can be an opportunity factor.

○ However, it is pointed out as weaknesses that it heavily relies on the Chinese market. The red dragon fruits, which have recently entered the Korean market, are negatively evaluated by the market.

○ Dragon fruits are provided as salads in the buffet and group meal industry, which can be an opportunity factor.

○ Dragon fruit was initially recognized as a luxurious imported fruit in the Korean market. However, it has been recently viewed that it has limitations in market expansion due to its lack of appeal. The low purchase intention can be a threat.

Source : Prepared by the research team

Fig. 52. SWOT Analysis on Vietnamese Dragon Fruit

☐ Entry Strategy for the Korean Market

◯ Vietnamese dragon fruits are highly dominant in the Korean market due to its geographic advantage and the restriction on importable countries.

◯ It is necessary to create a new demand in the market with high-quality marketing strategies because dragon fruit was recognized as a luxurious fruit in the Korean market in the past.

◯ A reasonable price strategy is required for the red dragon fruits and differentiated market management measures for the high-priced and low-price markets are needed.

◯ There is a limited market expansion to general consumers due to its lack of appeal to Korean consumers. It is mostly used as a fruit for rites for fortune-tellers or temples.

◯ In the future, it is necessary to promote it as healthy- or diet food and expand the supply to buffets, group meals, and salad markets

5. Coconut

☐ SWOT Analysis on Vietnamese Coconut

◯ One of the strengths, evaluated by the importers, is a lower price level compared to competitors.

◯ Because it is difficult to differentiate between countries in terms of taste and quality, the price competitiveness determines the market entry, which can be a strength to Vietnamese coconuts.

◯ Vietnamese coconuts heavily rely on the Chinese market, and the export volume is centralized in the Chinese market. The fact that the Korean market is not a key market is identified as a weakness.

◯ Due to the characteristics of coconuts, sales have been concentrated in summer vacation areas. However, recently, the market is switching to a processed product-centered market, which can be an opportunity factor.

◯ Coconut, like dragon fruit, has a low appeal point to Korean consumers, so there is a limitation in market expansion. It is also difficult to dispose of the waste after consumption, which can be a threat to Vietnamese fresh whole coconuts.

Source : Prepared by the research team

Fig. 53. SWOT Analysis on Vietnamese Coconut

☐ Entry Strategy for the Korean Market

◯ It is difficult to differentiate the taste and quality of coconuts by country, so a low-price strategy with acceptable quality can be effective.

◯ Due to the lack of appeal to Korean consumers, there is a limitation in market expansion in the Korean market.

○ It is necessary to develop new products by considering reasonable pricing and improved consumption convenience.

○ Therefore, government support is needed to develop and promote new appeal points, including hangover relief and health functions, and secure processing technology for consumption convenience.

6. Frozen Mango

□ SWOT Analysis on Vietnamese Frozen Mango

○ The importers and distributors evaluated Vietnamese frozen mango as having excellent competitiveness in price and quality and maintaining good hygiene standards compared to other countries.

○ However, it is difficult to secure temporary large quantities of mangoes due to varied harvest periods, and there is a lack of advanced refrigeration and logistics technologies.

○ The growth of the frozen fruit market in Korea can be an opportunity factor.

○ There is a competing item such as apple mango, and there exist threats that consumers in 40s showed low purchase intentions and that the sale is heavily seasonal.

Source : Prepared by the research team

Fig. 54. SWOT Analysis on Vietnamese Frozen Mango

□ Entry Strategy for the Korean Market

- ○ The importers and distributors evaluated that Vietnamese frozen mango is more competitive than the fresh mango.
- ○ As the Korean frozen fruit market is growing in recent years, it is necessary to create consumption experiences through active support for promotion strategies.
- ○ While maintaining and improving quality, price competitiveness, and food safety, it is necessary to establish a strategy for securing quantities and sales routes.
- ○ There is a need for the government's investment and support for refrigerated storage and transport for entry into the Korean market.
- ○ Considering that consumption has seasonal fluctuations, it is necessary to utilize the appeal point to replace processed ice creams through various commercialization.
- ○ Since the middle-aged consumers of the 40s showed low purchase intentions, it is necessary to carry out promotional activities that improve consumption experiences by promoting it as kid’ healthy snacks.

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Appendix

Appendix 1_ List of Producers and Exporters Selected for Survey on Vietnamese Agricultural Products

No.	Name of interviewed companies	Targeted fruit	Address and Tel of the Company	Interviewee			Date of Interview
				Name	Tel	Email	
1	MINH CHAU BANANA EXPORT CO.,LTD	Banana	Add: Phước Nhơn 3 Village, Xuân Hải Commune, Ninh Hải Dist, Ninh Thuận Province, Viet Nam. Tel: +84919 194 185, Whatsapp & Zalo Email: dongdaikhuong@gmail.com	Dong Dai Khuong	0919 194 185	dongdaikhuong @gmail.com	Sept 7th, 2020
2	Hong Son dragon fruit production, business and service cooperative	White dragon fruit	Add: Village 4 - Hồng Sơn - Hàm Thuận Bắc - Bình Thuận Email: dangminhhong58@gmail.com, Tel: 0364665432	Dang Minh Hong	0364 665 432	dangminhhong58 @gmail.com	Sept 7th, 2020
3	Hoang Hau Dragon Fruit Limited Company	Red dragon fruit	Add. : Hamlet Phu Sum, Ham My ward, H. Ham Thuan Nam, Binh Thuan Province. Tel :+84 252) 3898 616 - +84 252) 3898 888 /Hotline: +84 906898616 Fax: +84 252) 3898 558 Email: hoanghau@hoanghau.com.vn Website: www.hoanghau.com.vn	Tran Ngoc Hiep	0903 904 680	hoanghau @hoanghau.com.vn	Sept 7th, 2020
4	Hung Hau Foods	Frozen mango	Add.: HungHau Bld, 736 – 738 Điện Biên Phủ, Ward 10, Dist. 10, HCMC Email: trangnt@hunghau.vn Tel: +84964280333 Email: yenn@hunghau.vn Web: www.foods.hunghau.vn	Nguyen Thu Trang	0964 280 333	trangnt@hunghau.vn	Sept 8th, 2020
5	Good life company	Banana	No.7A/31 Thanh Thai Street, Ward 14, District 10, Ho Chi Minh City Phone: +84 (28) 38662050 / 51 Fax: +84 (28) 38662053	Nghiem Ngoc Nhi	0703 001 201	ngocnhi @goodlifejp.com	Sept 8th, 2020
6	Cao Thanh Phat company	Banana	79 Nguyen Huu Tho, Phuoc Kien commune, Nha Be district, HCM city	Nguyen Cong Phuc	0976 958 492	harry@ctpvn.vn	Sept 9th, 2020
7	Yasaka Co.	Coconut	Room 34, floor 4 Centec Tower, 72 Nguyen Thi Minh Khai street, district 3, Ho Chi Minh city	Hoang Vu Nam	0912 871 747	namhoang @yasaka.vn	Sept 9th, 2020

8	Be Dung company	White dragon fruit	18 Thôn Đại Thành, Xã Mương Mán, Huyện Hàm Thuận Nam, Bình Thuận	Do Van Dung	0913 649 906		Sept 10th, 2020
9	LAVIFOOD STOCK CO.	Frozen mango	261 Hoang Van Thu, Ward 2, Tan Binh district, Ho Chi Minh city	Vu Mai Anh Huy	0938 305 215	huyvu@laviseed.vn	Sept 10th, 2020
10	AGENAS PRODUCTION TRADING SERVICE CO., LTD.	Pineapple	24 Tan Canh, Tan Binh district, Ho Chi Minh city	Dong Thi Thuy	0973 666 089	info@agenas-vn.com	Sept 10th, 2020
11	Kim Nhung Co.	Mango	Add. 1061, Route 30, Group 1, Subward 1, Ward11, Cao Lanh city, Dong Thap province, Vietnam Phone: (+84) 919.667.061 – (+84) 944.387.638 Email: dinhnhung1971@yahoo.com.vn Website: https://xoaikimnhungdongthap.com	Nguyen Duc Thien	0859373899	dinhnhung1971 @yahoo.com.vn	Sept 08, 2020
12	My Xuong Mango Cooperatives	Mango	637, Khu Dân cư Trung tâm,Ap Mỹ Thới, Mỹ Xương Com., Cao Lãnh Dist, Đồng Tháp Prov. 0277.3521.799; Mr. Hưng (0908.679.599); Mr. Cần (0918.699.578) hoặc 0981.699.578 Website: https://xoaicaolanh.com.vn/	Nguyen Ngoc Chau	0907516759		Sept 08, 2020
13	Chanh Thu Co.	Mango	Add: 160/14, block 4, town Cho Lach, Cho Lach district, Ben Tre Province. * Tel: +84-88-926-9777 (Mr. Vinh) - +84-93-777-3996 (Ms. Vy) * sales@chanhthu.com	Ngo Tuong Vy	0937773996/ 0901387886	sales@chanhthu.com	Sept 09, 2020
14	ASAVINA	Coconut	website: https://asavina.com.vn No. 26E1, Đồng Văn Cống Str., Mỹ Tân, Ward 7, Bến Tre City, Bến Tre Pro.	Nguyen Manh Tuan	0349618250	duaxuatkhaubentre @gmail.com	Sept 09, 2020
15	Mekong Express	Coconut	Add: Hamlet Phu Huu, Huu Dinh Ward, Chau Thanh District, Ben Tre Province. Tel: 02756.500.999 * Email: info@mekongproduce.com.vn * Website: www.mekongproduce.com.vn * Hotline: 0944.71.71.71 Viber, WhatsApp, Wechat	Bui Duong Thinh	0918118114	thinhbui@ mekongproduce.com.vn	Sept 10, 2020

16	Cat Tuong Co.	Mango	212-50 highway, 3B Hamlet, Dao Thanh Commune My tho , Tien Giang Phone : 84 - 73 - 3888179 Fax : 84 - 73 - 3888178	Doan Van Sang	0912931413	sangtg175@gmail.com	Sept 10, 2020
17	Song Toan Phat Co.	Mango	Ap Quang Thọ - Xã Quơn Long - Huyên Chợ Gạo - Tính Tiên Giang, 0866 404 754 or 0978 596 839 , contact@stpfruit.com http://stpfruit.websitechuan.com/	Luong Nguyen Thanh	0907133272	contact@stpfruit.com	Sept 10, 2020
18	Huy Long An Co.	Banana	Ap 3, Xã Mỹ Bình, H. Đức Huệ, Long An,	Vo Quan Huy	0913916713	Hoathuanst @yahoo.com.vn	Sept 11, 2020

Appendix 2_ Survey Questionnaire for Producers and Exporters of Vietnamese Agricultural Products

2020 Promoting Viet Nam's Export of Key agro products to Korea On-site Survey Questionnaire in Vietnam

Hello,

We would like to investigate your experiences and opinions about exporting fruits for creating a strategy to activate the export of Vietnamese fruits into the South Korean market.

This survey is for research purposes only and any personal information or responses provided will be kept confidential. It would be highly appreciated if you could respond as accurately as possible.

Should you have any questions regarding this survey, please contact below.

Contact info :

Mr. YS Yoon / Shinhan Customs Service Inc.
Tel) 82-70-4343-7764
E-mail) ysyoon@shcs.kr
Address) 716, Eonju-ro, Gangnam-gu, Seoul, Republic of Korea

Section A. Vendor Information

The following questions are regarding your company's general status.

A1. Which items do you export? (multiple answers possible)

① Mango (fresh)	② Banana (fresh)	③ Coconut (fresh)	④ Pineapple (fresh)
⑤ White dragon fruit (fresh)	⑥ Red dragon fruit (fresh)	⑦ Mango (frozen)	⑧ Other ( )

A2. How do you procure the exporting items?

① Cultivate the whole quantity
② Partial cultivation and partial outsourcing from other vendors
③ Outsource the whole quantity from other vendors
④ Procure from the Producers' Cooperation (Cooperative Union)

A3. What is your export/domestic distribution/total volume over the last two years?

		2018 (ton)	2019 (ton)
Export volume	Country 1( )		
	Country 2( )		
	Country 3( )		
	Country 4( )		
	Country 5( )		
Domestic distribution volume			
Total volume			

A4. Do you export to South Korea?

① We are currently exporting to South Korea.
② We used to export to South Korea but not now.
③ We've never exported to South Korea but are considering it.
④ We've never exported to South Korea and are not planning to.

If you had chosen ① or ② for A4, please answer A5, A6, A7 and go to Section B.

If you had chosen ③ for A4, please answer A6 and go to Section B.

If you had chosen ④ for A4, please go to Section B.

A5. What is your distribution channel in South Korea?

① Big supermarket	② Convenience store	③ Department store	④ On-line
⑤ Restaurant or Cafeteria	⑥ Food processing company	⑦ Fruit retailer	⑧ Not certain

A6. What is the most challenging part in exporting to South Korea? (multiple answers possible)

① Closing a deal	② Cost	③ Product procurement	④ Quarantine(disease and insect pest)
⑤ Market info.	⑥ Consumer	⑦ Product quality	⑧ Product safety

	preference		(pesticide residue)

A7. If the export to South Korea has been discontinued or reduced, what is the reason?

① Closing a deal	② Cost	③Product Procurement	④ Quarantine(disease and insect pest)
⑤ Market info.	⑥ Consumer preference	⑦ Product quality	⑧ Product safety (pesticide residue)

Section B. Deal Closing

The following questions are regarding the deal closing of your company.

B1. What is your channel to close the deal to export to overseas?

① Overseas market research (direct, indirect)
② Export fair, etc.
③ Mediation by the association of agricultural products & fruits
④ Direct request from the buyer
⑤ Mediation by other vendors in the same field
⑥ Other ( )

B2. What is your channel to close the deal to export to South Korea?

① Overseas market research (direct, indirect)
② Export fair, etc.
③ Mediation by the association of agricultural products & fruits
④ Direct request from the buyer
⑤ Mediation by other vendors in the same field
⑥ Other ( )

B3. What type of contract do you usually take when exporting to South Korea?

① Exclusive supply
② General supply

B4. How do you usually procure the export products? (check only if you cultivate your items)

① Contract cultivation
② Sale after cultivation

Section C. Product Quality and Comparative Evaluation

The following questions are regarding the evaluation of your product quality and comparative evaluation with your competitive countries.

C1. What are the criteria for quality control of exporting products? (check V per rank)

Category	1st	2nd	3rd	4th	5th	6th	7th	8th
①Taste/Sugar contents	( )	( )	( )	( )	( )	( )	( )	( )
② Appearance (shape)	( )	( )	( )	( )	( )	( )	( )	( )
③ Appearance (size)	( )	( )	( )	( )	( )	( )	( )	( )
④ Appearance (color, sheen)	( )	( )	( )	( )	( )	( )	( )	( )
⑤ Freshness	( )	( )	( )	( )	( )	( )	( )	( )
⑥ Safety	( )	( )	( )	( )	( )	( )	( )	( )
⑦ Quality uniformity	( )	( )	( )	( )	( )	( )	( )	( )
⑧ Storage quality	( )	( )	( )	( )	( )	( )	( )	( )

C2. Please evaluate your exporting products (Vietnamese fruits) in comparison with your competitive countries.

(Item 1 – item name :   )

Category	Description	Vietnamese					Comparative Country*				
		① Very bad	② Bad	③ Average	④ Good	⑤ Very good	① Very bad	② Bad	③ Average	④ Good	⑤ Very good
Quality	Taste/Sugar contents										
	Appearance (shape/size, color)										
	Freshness										

	Food safety										
	Health functionality (esthetic, immunity, etc.)										
Distribution	Export unit price										
	Procurability										
	Level of standardization										
	Storage quality										
Policy	Export support system of exporting country										
	Trade related system (FTA, etc)										
Vendor Capacity	Capacity to procure per buyer's request										
	Capacity to meet the quality requirements of buyer										
Other	Other										

*** Comparative countries per item**

Banana(fresh) – Philippines / Mango(fresh) – Thailand / Pineapple(fresh) – Philippines / Coconut(fresh) – Thailand / White dragon fruit(fresh) – Thailand / Red dragon fruit(fresh) – Thailand / Mango(frozen) – Thailand

C3 is the same as C2.

If you have a single exporting item, please go to Section D.

If you have more than 2 exporting items, please answer C3 and go to Section D.

C3. Please evaluate your exporting product (Vietnamese fruit) in comparison with your competitive countries.

(Item 2 – item name :)

Category	Description	Vietnamese					Comparative Country*				
		① Very bad	② Bad	③ Average	④ Good	⑤ Very good	① Very bad	② Bad	③ Average	④ Good	⑤ Very good
Quality	Taste/Sugar contents										
	Appearance (shape/size, color)										
	Freshness										

	Food safety										
	Health functionality (esthetic, immunity, etc.)										
Distribution	Export unit price										
	Procurability										
	Level of standardization										
	Storage quality										
Policy	Export support system of exporting country										
	Trade related system (FTA, etc)										
Vendor Capacity	Capacity to procure per buyer's request										
	Capacity to meet the quality requirements of buyer										
Other	Other										

*** Comparative countries per item**

Banana(fresh) – Philippines / Mango(fresh) – Thailand / Pineapple(fresh) – Philippines / Coconut(fresh) – Thailand / White dragon fruit(fresh) – Thailand / Red dragon fruit(fresh) – Thailand / Mango(frozen) – Thailand

C4. Do you think the Korean market is promising in exporting Vietnamese agricultural products in the future?

① Absolutely not likely

② Not likely

③ Moderately likely

④ Very likely

⑤ Completely likely

C5. Compared to other exporting countries, what is the grade of items exporting to Korea? (Check items you export)

Item	Main market (Country :)	Korea

Banana (fresh)	Very bad	Bad	Average	Good	Very Good	Very bad	Bad	Average	Good	Very Good
Pineapple (fresh)	Very bad	Bad	Average	Good	Very Good	Very bad	Bad	Average	Good	Very Good
Mango (fresh)	Very bad	Bad	Average	Good	Very Good	Very bad	Bad	Average	Good	Very Good
Red Dragon fruit (fresh)	Very bad	Bad	Average	Good	Very Good	Very bad	Bad	Average	Good	Very Good
White Dragon fruit (fresh)	Very bad	Bad	Average	Good	Very Good	Very bad	Bad	Average	Good	Very Good
Coconut (fresh)	Very bad	Bad	Average	Good	Very Good	Very bad	Bad	Average	Good	Very Good
Mango (frozen)	Very bad	Bad	Average	Good	Very Good	Very bad	Bad	Average	Good	Very Good

Section D. Transportation

The following questions are regarding the transportation.

D1. What type of transportation & packaging do you use when exporting to South Korea?

① Sea freight + Bulk package
② Sea freight + Dry container
③ Sea freight + Ventilated container
④ Sea freight + Refrigeration container
⑤ Air freight + Air container
⑥ Air freight + Corrugated box

⑦ Other (   )

D2. What is the most important factor in overseas transportation?

① Transportation cost	② Temperature & Humidity	③ Transportation time	④ Transportation route

D3. Which party usually arranges the transportation contract when exporting to South Korea?

① Exporter - Forwarder
② Exporter – Shipping company
③ Buyer – Forwarder
④ Buyer – Shipping company

If you had chosen ① or ② for D3, please answer D4, D5 and go to Section E.
If you had chosen ③ or ④ for D3, please answer D5 and go to Section E.

D4. What ratio does the cost of transportation (from the origin country to the arrival port of importing country) take, approximately, in the export price?

① Less than 5%
② 5% – 10%
③ 10% – 15%
④ 15% – 20%
⑤ More than 20%

D5. Have you received any claim for the issues during overseas transportation? (If yes, please specify.)

① No
② Yes (   )

Section E. FTA

The following questions are regarding the FTA.

E1. Are you using FTA or have any experience with it in the past?

① No
② Yes

E2. Which FTA are you using? (Check all)

① Korea-Vietnam FTA	② Korea-ASEAN FTA	③ Vietnam-Chile FTA	④ AFTA
⑤ Vietnam-EAEU FTA	⑥ CPTPP	⑦ Vietnam-Japan EPA	⑧ China-ASEAN FTA
⑨ Japan-ASEAN FTA	⑩ India-ASEAN FTA	⑪ AUS·NZ-ASEAN FTA	

E3. What is the most challenging part to apply FTA? (multiple answers possible)

① Lack of understanding of the criteria to declare the country of origin (incl. HS classification)
② Burden of massive proof required to verify the origin (incl. data verification & management of the origin)
③ Burden of origin verification
④ Concern for confidential leakage
⑤ Absence of professional personnel to manage the origin
⑥ Burden of the cost to manage the origin (incl. recruit)
⑦ Other (   )

E4. What is the reason not using FTA? (multiple answers possible)

① Exporting items have no benefit from FTA
② Insufficient to meet the requirement for FTA
③ Excessive cost to get the Certificate of Origin
④ Absence of professional personnel
⑤ Lack of data regarding process & preparation to proof of origin
⑥ It's not requested by the overseas buyer
⑦ Burden of posterior origin verification
⑧ Other (   )

E5. Which policy or support system will be necessary to promote applying FTA? (multiple answers possible)

① Support to issue the Certificate of Origin
② Foster professional personnel (education, etc.)
③ Expand service to provide data about FTA
④ Expand management system to cope with origin verification

⑤ Expand FTA consulting
⑥ Provide information about tariff rate of trading country
⑦ Simplify the process to proof of origin
⑧ Other (   )

Section F. Export Preparation (quarantine, etc)

The following questions are regarding the export preparation.

F1. How is the plant quarantine procedure of South Korea compared to that of other countries (USA, EU, Japan)?

① Simple
② Relatively simple
③ Average
④ Hard
⑤ Very hard

F2. How is the food quarantine form of South Korea compared to that of other countries (USA, EU, Japan)?

① Simple
② Relatively simple
③ Average
④ Hard
⑤ Very hard

F3. How is it to meet the pesticide residue limits of South Korea compared to those of other countries (US, EU, Japan)?

① Simple
② Relatively simple
③ Average
④ Hard
⑤ Very hard

F4. How is it to meet the requirement for export packaging/labeling(e.g. country of origin marking) of South Korea compared to that of other countries (US, EU, Japan)?

① Simple
② Relatively simple
③ Average
④ Hard
⑤ Very hard

F5. Are you specially required for retail packaging/labeling(e.g. country of origin marking) when exporting to South Korea? (If yes, please specify.)

② No
② Yes ( )

Section G. Support System for the Exporting Agricultural Product & Fruits

The following questions are regarding the support system for exporting agricultural products & fruits.

G1. Does Vietnam have a system to support the export of agricultural products and fruits?

① No
② Yes

G2. Are you using the support system for the export of agricultural products and fruits? (If yes, please specify.)

① No
② Yes ( )

G3. Which support system do you think is most necessary for the export of agricultural products & fruits?

① Support to issue the Certificate of Origin
② Safety control (support the cost for pesticide residue test)
③ Market development, Overseas marketing (mediation with overseas buyers, participate in international fair, etc.)
④ Support the logistics, quarantine, and customs clearance support (support the cost of export logistics, provide overseas customs clearance information)
⑤ Finance, insurance (support export insurance, production cost)

G4. Please describe freely which policy improvements are necessary to promote the export of agricultural products and fruits.

Section H. Issues and Improvements of Vietnamese Agricultural Products and Fruits

The following questions are regarding issues and improvements of Vietnamese agricultural products and fruits.

H1. Please describe freely about issues of Vietnamese fruits (cultivation, quality, etc.).

H2. Please describe freely about improvements of Vietnamese fruits (cultivation, quality, etc.).

Section I. VN Researcher's Opinion on the Interview Company (for VN Researcher)

Please give your opinion on the company from the perspective of an expert.

I1. Based on the facts identified through the interview, please briefly state the expert's opinion (special features, weaknesses, direction of improvement, etc.) about the company.

ISBN 979-11-6490-923-0 (93320)
979-11-6490-924-7 (95320)(PDF)

2020 K-V Economic Cooperation Project

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기획재정부
Ministry of Economy and Finance

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Established 1965
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